



Cambridge University  
Land Society

# MAGAZINE2020







# Stories matter

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# Editorial

## Real Estate in a post Covid19 World – From Resilience to Re-imagination

There is no business as usual. The way we 'do business' is changing fast. Our environment is increasingly characterised by scarcity, disruption and instability. Covid19 is one such force of disruption that in 2020 has had a sudden and significant human, social and economic impact on all aspects of our daily lives. The way we live and work is changing fast, and it is likely that many of the trends witnessed will become accelerated into some form of a 'new normal'.

We are also seeing a swift and deep impact on our industry and the economy. Over the short to medium term, transaction volumes have declined, valuation challenges have emerged, and the broader uncertainty has made for interesting project risk/return pricing. Businesses have shown remarkable resilience in making significant efforts to hold to core values and the core essentials: team health, unity, and remote productivity; 'back to basics' cash flow management; risk management; and supply chain management, to name but a few.

Notwithstanding, opportunity, change and innovation abound as many of the familiar pre COVID-19 structural trends in real estate are expected to continue: rising institutional capital allocation in a low interest rate environment, urbanisation, retail and industrial / logistics, the pace of digital technology and innovation, real estate as service and experience, as well as recognition of the tremendous potential for real estate to drive positive change in environmental sustainability and social impact.

In light of these extraordinary times, this is a special edition CULS magazine, themed as follows: **'Real Estate in a post Covid19 World – From Resilience to Re-imagination'**. On its pages are captured personal and professional stories and experiences, as well as views on the longer-term implications and opportunities going forward. What has stood out to me most is the honest, open, reflective and personable tone adopted in so many of the articles submitted, thereby giving the CULS readership unique first hand insight into cross-sector response, leadership, and action.

Special thanks go to five of our Honorary Vice Presidents for their timely and topical contributions, including Liz Peace CBE, Roger Madelin CBE, and Jeremy Newsum, Spencer de Grey CBE RA, and Douglas Blausten. Moreover, without the generous support of **Howard Group, Apache Capital, Savills, and Mills & Reeve**, the production of this 2020 magazine would not have been possible. Their support, especially during this time, is most gratefully received.

Finally, a big thank you to Ian Marcus (President) and Ali Young (Society Secretary) for steering the Society through such turbulent waters, and to Dominic Reilly, Ali Young, Fiona Jones, Lauren Fendick, and Louise Sherwin for reviewing over 60 articles!

If you have any suggestions for future content, if you wish to be involved with CULS in any way, or wish to sponsor CULS, then please visit [www.culandsoc.com](http://www.culandsoc.com) or contact us on [info@culandsoc.com](mailto:info@culandsoc.com). We look forward to hearing from you.



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Group Director – Property, Howard Group  
PhD (Cantab), MPhil, BSc (Hons).  
Wolfson College (2005)

CULS Hon. Press Secretary  
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# Magazine Sponsors

Cambridge University Land Society would like to thank the following for their generous sponsorship and support of the 2020 CULS magazine.



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If you wish to sponsor CULS in future, do please contact us by email on [info@culandsoc.com](mailto:info@culandsoc.com) or contact any of the CULS Committee members.

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We have a very active facebook page, and encourage you to join at [www.facebook.com/culand](http://www.facebook.com/culand)



Both the Cambridge University Land Society and the Silver Street Group have LinkedIn Groups for you to join. The groups are a good way to stay informed and to share your news and views. (Please add Cambridge to your profile to allow the group managers to confirm your group membership.)  
[www.linkedin.com/groups/4258158/](http://www.linkedin.com/groups/4258158/)



# President's Address at 2020 Annual General Meeting

This time last year I had the honour of being asked to be president of the land society some 40 years after graduating and I was looking forward to the challenges ahead and making a contribution to ensure your society moved forward, respecting its roots and foundations whilst recognising the changes affecting our industry and always insuring we had a sound financial footing.

During my speech at the annual dinner following last year's AGM I pointed out that it's not until you leave Cambridge that you realise quite how special a place it is and the legacy and network it offers you for the rest of your career whilst emphasising to the current students that they need to be aware of the changing environment which they are entering. I went on to list over a dozen different issues already impacting our industry such as globalisation, sustainability, co-working, cyber risk etc in addition to the mega trends such as popularism, diversity and inclusion. But little did I know nor recognise quite how the world would change so dramatically in such a short space of time with implications for all of us physically, mentally financially and emotionally. This is not the occasion to talk about the long-term implications for real estate and the broader economy of the global pandemic but just to say how appreciative and proud I am of everyone associated with the Land Society for continuing to recognise its value and benefit at times like these, working tirelessly to ensure the members are supported and kept engaged throughout this extraordinary time as best we can.

The academic year had started so positively with a series of well attended and innovative events which Ali will outline in more detail during her report. I am completely biased when I say I particularly enjoyed the "grumpy old men" event featuring four of my peer group reflecting on the changes since we all graduated. I must point out that I received several notes of criticism for the title of the event and having no women on the panel But that was the very point of the discussion, to show how the world has changed so significantly in such

a short period and I apologise for any offence caused... but it was all meant in the right spirit

We, like many organisations, had many events planned which have had to be cancelled or postponed. We fervently hope that, as we revert to the new norm, we will be able to recommence our meetings, gatherings, and visits but only time will tell as to how feasible this will be.

Of course, this is normally the time to thank those involved for their contribution during the year. But it is particularly important to emphasise how engaged and committed your committee members and executive team have been to ensure the sustainability of the Land Society. I hope my colleagues will forgive me if I don't mention everyone by name but thank them all universally. I would however like to make some specific thank yous to those who have gone above and beyond. But first, in order of importance I would like to congratulate Sophie Jenkinson, the co-chair of the Silver Street group on the birth of her second child and we hope you and Flora are doing well.

To Colm and his entire team at Goodbody, a very special thank you for all your efforts in putting in place a series of virtual Whitehall lectures with some outstanding speakers as recognised by the enormous level of attendees and positive comments received about the webinars.

To Erik, who has the unenviable task of ensuring our finances are kept in good order; at a time when our sources of revenue are so depleted never has the management of our monies been so crucial. You will hear in more detail shortly directly from our Honorary Treasurer but suffice it to say under his careful stewardship we are ensuring our financial stability remains paramount.

However, this would not be possible without the continued support of our sponsors; Europa Capital, Orchard Street and Tishman Speyer of our website, Apache capital, Howard ventures and Birketts for the magazine, as well as those who have kindly hosted and sponsored individual events including Dentons, GL Hearn, Irwin Mitchell, BDO, Kames Capital, British Land, Carter



Ian Marcus  
Fitzwilliam (1977)

Jonas, Eastdil Secured, Deloitte, Nuveen, Knight Frank, JLL, and the many other sponsors of our successful careers fair. Their continued support has never been more important to our future

As a committee we believe it is very important we continue to ensure that the society operates appropriately in a world of ever-increasing governance and fiduciary duty in a manner fit for purpose. We are grateful to our Honorary Secretary, Lauren Fendick for keeping us on the straight and narrow and as you will hear shortly in her report there are a number of administrative issues we need to clarify. Also, I have asked Lauren in collaboration with Martha and Roddy to undertake a full review of our articles of association to ensure they remain relevant and appropriate whilst respecting the traditions of the society. Without pre-empting their work, we do anticipate returning to this meeting next year with some revised rules and regulations for your approval.

The success of the society in the long term is reliant on our ability to refresh the membership and of course the greatest source of new members is the graduating student body. We have written to them all encouraging them to join the society; It is at these times that the contacts and network the society can



offer can only be seen as a benefit to those entering the workplace so please encourage any or all of the students you come across to become part of our family. In similar vein the careers fair, brilliantly arranged by Louise, will this year be somewhat different, as it looks like we will have to conduct this virtually so any support and assistance you and your respective organisations can offer would be greatly appreciated.

With regard to membership we are formally saying our farewells from the committee to Paul Clark who has for several years been our membership secretary; Paul thank you for your considerable contribution during this period and also thank you to Erik for picking up the responsibilities of this role, which we believe at this time should be umbilically linked to finance.

One of the other unique contributions of the society is the publication of our annual magazine. Last year's bumper edition edited by Werner deservedly received rave reviews. We have decided to publish a shorter more focused edition by the end of the summer which focuses on peoples experience of the coronavirus entitled: "The real estate universe post Covid – Resilience and Re-imagination". Anyone who would like to make a contribution or assist with sponsorship please contact either Werner or Dominic.

With regard to the committee we are also saying thank you to Peter Bennett for his considerable contribution over many years. Although Peter is retiring from the committee, he will remain a vice president of the society and we look forward to his continuing participation at our events.

Subject to a formal vote in a few minutes we hope to welcome Dan Nicholson of Tishman Speyer to the committee. Dan is already actively involved in the organisation through the Commercial Forum and we are certain he will make a broader valuable contribution, so I strongly support his nomination.

As you hear every year, CULS would not be able to function nor be the force it is without the fantastic support of our two executives Ali and Fiona; never has this been more true. I'm sure the last thing Ali wanted with a novice president, was to have to deal

with the added complications of a virtual world but she's done this with great determination, real focus and a smile on her face for which I am very grateful. As we heard earlier, the Whitehall Group has continued to not just function but flourish with Fiona supporting Colm's initiatives.

One last thank you from me. My predecessor Dominic spent several years trying to convince me to take on the role and after the bribery of a round of golf I agreed. He has been an absolute rock during my presidential year, a continuing source of support and guidance as well as leading several fantastic initiatives for the society. Not least the hugely successful virtual University challenge competition which culminated last week in victory for Fitzwilliam College with substantial support from Richard Morton of Corpus Christi. What a great initiative and what great fun. Dominic, I am afraid it looks like we have an annual event now for the calendar!

This year also saw changes at the department with Colin Lizieri stepping down as head of the department to be replaced by David Howarth. We thank Colin for his immense contribution and support of the society and are very appreciative of David's immediate and active engagement with the committee. These are very exciting times for the hugely successful department with the very real prospect of a new department building being considered. As a society we are offering whatever support David requires to insure this much needed and ever promised new faculty building comes to fruition

Although as I mentioned earlier, we are being extremely frugal with regard to our finances, it imperative that we continue to support appropriate initiatives when there are surplus funds available. A subgroup led by Dominic is continuing to review and make recommendations as to disbursements of surplus monies. We have continued to support The Fellowship of prof Franz Fuerst and in addition, alongside CLEAB, subject to AGM ratification, intend to also support that of newly appointed fellow, Dr Carolin Schmidt. In addition, it is proposed that we will continue to make available individual grant to

students for the support of their studies and offer Tripos prizes as funds permit.

My sincere apologies for the longevity of this report but as I will not have the opportunity to speak at the annual dinner tonight I wanted to ensure full and transparent communication to our membership of our activities. Despite the current crisis and continuing uncertainty CULS continues to thrive and its purpose of promoting the department, educating our members, and providing a network of contacts has never been more important.

# APEC

The Architecture Planning Engineering and Construction Forum was set up in 2013 and aims to support both the Department of Land Economy and the Faculty of Architecture (the latter particularly needing help with outside teaching by practising architects).

Its inaugural event was an elegant and stimulating presentation in the Council Chamber of London City Hall by Spencer de Grey, Foster and Partners' joint Head of Design who is also a visiting Professor at The University of Cambridge.

The APEC Forum has become one of the most active Forums and has established a series of annual events. The main one is the Planning Update afternoon conference hosted by Dentons which last year included two Government spokesmen amongst a range of contributors.

APEC arranges a careers afternoon with the head of department at the school of architecture when we invite major practices to tell students about the career paths they offer. Last year two presentations were given by the students they recruited the previous year!

We ran two evening events hosted by Macquarie Bank, the last in 2014, looking at the future of the workplace and are following this with a tour and a debate 'Workplace III' at 22 Bishopsgate hosted by Lipton Rogers once it is complete. The project architect Karen Cook of PLP has agreed to speak.

APEC has arranged visits to the NW Cambridge site, the new extension to the Judge Business School and specialist talks about collaborative building contracts and tunnelling Crossrail under London amongst other things. We also staged a re-run of the Churchill College architectural competition 50 years on which was fully written up in the Architects' Journal.

We also regularly sponsor the faculty's amazing end of year show in London and its catalogue.

The APEC committee is well attended and hosted in London variously by engineers Price & Myers, lawyers Pinsent Masons and surveyors Bidwells and lately Zoom!. New members are always welcome.

Brian Waters: [brian@bwcp.co.uk](mailto:brian@bwcp.co.uk)

This year has been surreal and apart from Zoom committees relatively inactive. The form for future events has to be determined but may be hybrid with attendance in person with networking plus the Zoom-in option. The provisional line-up looks like this:



**Brian Waters**  
MA DipArch DipTP RIBA MRTPI ppACA FRSA  
Chairman APEC Forum

## FUTURE EVENTS

### 'Planning Update 2020' at Dentons on 2 December

To be hosted by Dentons – the postponed March event was to have a Keynote by **Steve Quartermain** CBE (then Chief Planner at MHCLG, now moved to the private sector); the National Planning Forum (NPF) will promote the event to its members as usual; and Paul Finch editorial director of the Architects' Journal will if available be the end-piece summariser and Lee Mallett former editor of Estates Times will be a Moderator. The Summer has seen a host of planning announcements and changes and is now at the top of Government policy agenda so a strong line up is to be expected for this popular annual event.

### Workplace of the Future: III

to be Hosted by Lipton Rogers a tour of the newest office building in the City, 22 Bishopsgate followed by a debate on 16 February 2021, we hope! Even more of a hot topic that when planned for last May. Project architect Karen Cook agreed to speak and Sir Stuart Lipton invited.

### Greenwich Peninsular Masterplan

Hosted by masterplan architects **Allies + Morrison's**. This event depends on the client's commitment to later phases and agreement. It's on our list.

### Cambridge Cleantech

Cambridge Cleantech's CEO, Martin Garratt has agreed to addressing an APEC event. The CU Engineering Department's new "Sensory Buildings" unit and Pinsent Mason's **Jan Bessell** (former Planning Inspectorate Commissioner) will be invited in support.

**Visit to the new Cambridge Mosque** with Julia Barfield, the architect: we hope to set this up ahead of the AGM of 2021

### Energetic visit

Energetic are the North London heat network and might make an interesting visit for APEC members - housing design linked to district heating. To be confirmed.

The postponed careers afternoon at the school of architecture and support for the end-of-year show will, we hope, feature next year.



Virtual end-of-year show, above and images from the catalogue, below



## SCHOOL OF ARCHITECTURE REPORT

Ranked 1st for Architecture by the Guardian's 2020 University Guide.

Dr James Campbell, Head of Department writes:

"We look like we could have the largest group of first years ever this year. In first year we teach our students to draw by hand. I want to lend each first year an A1 desktop drawing board which they can use in their college rooms (something even more urgent as thanks to COVID they will not be able to work in the Department). The students would return the Drawing Board at the end of their first year and pay for any damage. We thus just have the initial cost of buying the Boards. We can easily afford replacements. Sponsors names would go on the back of the Boards. I am thus trying to raise £4000 for this one-off cost." CULS has agreed to contribute £2,000. However, members are invited to make further contributions. Dr James Campbell sent CULS the following thank you note: "Thank you so much for this. It is brilliant. We have been able to order drawings boards for all the students and they will have a sticker on the reverse saying that they were donated by Cambridge University Land Society. It is great start to the year. Generations of students will benefit from this, and see the label."

### TEACHING IN THE TIME OF COVID

As a result of the pandemic, and in the interests of safety, the following has been agreed:

Lectures delivered to groups larger than ten students will be delivered online. Teaching in smaller groups will be delivered both in-person and online, as appropriate and taking into account the needs of students or staff who may be shielding or self-isolating. There will be no changes to marking criteria or learning outcomes and the changes have been approved by the University's Education Policy and Quality Office.

We offer a range of excellent courses which provide training for those who wish to practice architecture and those who wish to undertake research in the field of architecture.

Professional Degrees:

- MPhil Degree in Architecture and Urban Design (MAUD) - ARB/ RIBA Pt2
- Postgraduate Certificate in Professional Practice in Architecture - ARB/ RIBA Pt3
- MSt Architecture Apprenticeship

Research Degrees (full-time):

- MPhil in Architecture & Urban Studies (MAUS)
- MPhil in Architecture
- PhD in Architecture

Research Degrees (part-time):

- MSt Building History
- MSt in Interdisciplinary Design for the Built Environment

Tim Brittain-Catlin, Course Director of new Architect Apprenticeship at Cambridge is interviewed by Adam Furman and talks about his interests and the new course:

here <https://tinyurl.com/yyhlmttp>



22 Bishopsgate under construction last year





New Cambridge Mosque by Marks Barfield Architects



## SPONSORSHIP

We have been fortunate in having all our events hosted and sponsored so that they more than break even but are keen to generate additional funds to support teaching, faculty and students at the school of architecture and the department of land economy. A sponsor for the Forum would get good exposure. We can deliver at least three powerful events each year. Please be in touch! [brian@bwcp.co.uk](mailto:brian@bwcp.co.uk)

## APEC COMMITTEE MEMBERS

Brian Waters (Chair), Martin Thompson (Scribe), Dr Sue Chadwick, Melville Haggard, Mike Adams, James Engwall, James Lai, Flora MacLeod, Richard Morton, Rod McAllister, Liliana Shanbhag, and Dr Kevin Stone

Brian Waters and Sue Chadwick  
co-chairmen with help from Martin Thompson



## Appeal for Sponsorship of Drawing Boards

The University of Cambridge Department of Architecture is proud of its widening-participation agenda and a key part of this is our drive to supply students who come to Cambridge with everything they need to successfully complete the course. A key part of this is our drive for zero-cost to students for materials and a promise that we will supply students with the software and equipment they need.

In first year we teach students to draw by hand. In the past this has meant that they have been asked to buy set squares, T-squares, portfolios, cutting boards, and equipment, which after first year they never use again. This is a waste. This year, when we have the biggest and most diverse first year ever, we want have a kit waiting for them on day-one which contains:

An A1 Drawing Board  
An adjustable Set Square  
An A1 Portfolio\*  
An A2 Cutting Mat\*

\*Already purchased

These will be loaned to the students who will return them at the end of their first year so the next year can use them (breakages to be paid for). Thus this is a one-off expense. We already have a supply of portfolios and cutting mats and a small number of drawing boards. We are looking for sponsorship for the rest. The sponsors name will be displayed on the Board in recognition of the gift.

In the COVID-19 year when students have to work in their college rooms the equipment has never been more urgently required

The cost is £85 per student, which for 57 students is £4825. We have already raised £2000 and are looking for sponsors for the remainder (£2825).

If you can help, please contact me. All support welcome.

James Campbell  
Head of Department of Architecture  
University of Cambridge

[jwpc2@cam.ac.uk](mailto:jwpc2@cam.ac.uk)



# Rural Property Forum

By good fortune the Rural Property Forum was able to hold one of the few CULS “in person” events of 2020. I am delighted to report that our topic for panel discussion, *Brexit And The Future Of Food And Farming – What The 2020s Have To Hold*, proved sufficiently enticing for us to approach capacity at our London venue on 29 January.

It was simultaneously humbling and motivating to witness the turnout and informed participation of our Members and guests, along with the insight of our panel, as I chaired the evening. Admittedly, matters such as food provenance and bio-security were foot notes that, with the benefit of hindsight, we may now wish we had spent more time focusing on (COVID seemed a distant yet emerging threat in the UK’s media coverage). Thankfully, energetic discussion around UK consumption trends, veganism and George Monbiot’s “Apocalypse Cow” were not only topical but incredibly thought-provoking. Emerging policy and legislation, such as the Environment and Agriculture Bills, Brexit trade policy and tree planting were also covered in some depth, with a lengthy Q&A session taking us to, if not a little beyond, our scheduled time.

Indeed, the most covered general topic was one of sustainability and environmental factors influencing agriculture in the UK. For example, will it be long before we see a large UK farming business pledging to become carbon negative in their operations? Is veganism changing demand for food, and in particular meat, at a noticeable level in the UK? How do we bring about more sustainable forms of food production that delivers for the consumer and the environment? What does public money for public good really mean in the context of agriculture?

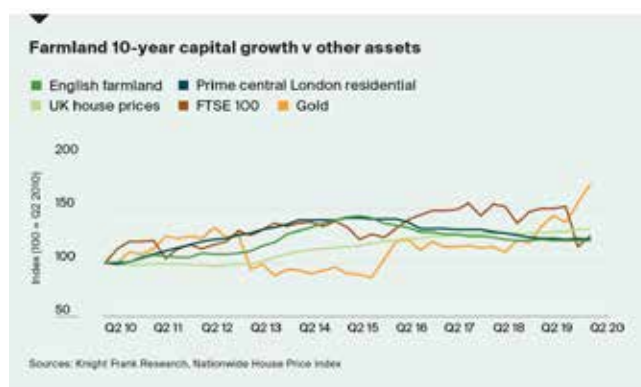


The Society is very grateful for the support of our hosts, Irwin Mitchell, and event sponsors Irwin Mitchell and Knight Frank. Special thanks goes to our panellists; James Pavey (Head of Rural Business and Estates, Irwin Mitchell), Paul Christian (Managing

Director, Sentry Faming Limited) and Ian Wright (Chief Executive, Food and Drink Federation).

Member engagement with environmental topics is only growing and I am delighted this Forum can support the Society’s emerging ESG series of events being driven forward by fellow CULS Member, Ami Kotecha. This Forum’s next event will link into the CULS ESG series, with more details TBC later this year. However, our Chair for that event is now confirmed as Emily Norton and I take this opportunity to welcome and introduce Emily to this Forum. Emily read law at Trinity Hall (1997-2000) before entering the legal profession and going on to a political advisory role – focusing on agricultural policy - at European level. This experience, Emily’s farming background and studies at Harper Adams University all led to her current role as Director and Head of Rural Research at Savills. I am confident Emily’s wealth of expertise and enthusiasm for the rural property sector is going to be an asset to this Forum’s offering.

As real property asset values are under heightened scrutiny at the moment, Members may appreciate a brief update on the farmland market commentary provided in our 2019 Magazine. A snapshot of Knight Frank’s Farmland Index (Q2 2020) here, shows the average price of bare agricultural land in England and



KNIGHT FRANK FARMLAND INDEX				
	QUARTERLY PRICE CHANGE	ANNUAL PRICE CHANGE	AVERAGE VALUE £/HECTARE	AVERAGE VALUE £/ACRE
JUN-15	2.6%	10%	£20,423	£8,265
SEP-15	0.5%	8%	£20,524	£8,306
DEC-15	-1.7%	3%	£20,176	£8,165
MAR-16	-3.2%	-2%	£19,538	£7,907
JUN-16	-1.7%	-6%	£19,207	£7,773
SEP-16	-1.3%	-8%	£18,957	£7,672
DEC-16	-2.6%	-8%	£18,464	£7,472
MAR-17	-0.5%	-6%	£18,372	£7,435
JUN-17	-1.6%	-6%	£18,069	£7,313
SEP-17	0.0%	-5%	£18,064	£7,311
DEC-17	-1.5%	-4%	£17,794	£7,201
MAR-18	0.4%	-3%	£17,856	£7,226
JUN-18	-0.7%	-2%	£17,729	£7,175
SEP-18	-1.8%	-4%	£17,408	£7,045
DEC-18	-1.1%	-3%	£17,223	£6,970
MAR-19	0.1%	-3%	£17,245	£6,979
JUN-19	0.7%	-2%	£17,371	£7,030
SEP-19	-0.8%	-1%	£17,235	£6,975
DEC-19	0.3%	0%	£17,295	£6,999
MAR-20	-0.6%	0%	£17,198	£6,960
JUN-20	0.1%	-1%	£17,211	£6,965

## KEY AGRICULTURAL INDICATORS\*

	LATEST PRICE	ANNUAL CHANGE
OUTPUTS		
FEEDWHEAT (£/T)	156	6%
OILSEED RAPE (£/T)	320	5%
BEEF (P/KG DW)	373	7%
LAMB (P/KG DW)	468	4%
MILK (P/LITRE)	28	4%
INPUTS		
RED DIESEL (P/LITRE)	45	-21%
OIL (S/BRL)	39	-34%

Source: Knight Frank Farmland Index, Q2 2020

Wales has dipped very slightly over the preceding 12 months. Many industry stakeholders, fellow land agents and asset managers watch with interest to see if significant price change arises over the next 12 months.

Lastly, for those interested in finding out more about the Rural Property Forum, hosting an event or helping this Forum’s Committee, please do get in touch with me directly.



**Emily Norton LLB, MSc**  
Director, Head of Rural Research, Savills  
Trinity Hall (1997-2000)



**James Shepherd MA (Cantab) MRICS**  
Partner, Rural Asset Management, Knight Frank LLP  
Chairman, CULS Rural Property Forum  
Magdalene (2006-2009)

# The Whitehall Group

**T**he Whitehall Group, a forum of the Cambridge University Land Society is now in its 7<sup>th</sup> year. This unique policy discussion and thought leadership group was founded for alumni of the Department of Land Economy and also offers membership to all University of Cambridge Alumni or to those having a connection with the University. The forum allows members and their guests to meet and discuss matters that extend beyond their business and professional lives.

The Whitehall Group is jointly-Chaired by Colm Lauder and James Lai, who along with the steering committee, organise approximately 15 events each year. Events include lunches, dinners, the Whitehall Lecture Series and more recently, the Covid-19 Conversation Series. Membership to the Whitehall Group is Corporate and members are able to alternate with non-Cambridge colleagues and invite guests to join them at events when capacity allows.

The wide range of events have included Foreign and European policy, Housing, Climate Change, Devolution, Mental Health, Education, Social Mobility, Infrastructure, Health, the Economy, Drugs, Transport, Conservation and Heritage.

## COVID-19 Conversation Series

With the Covid-19 pandemic interrupting our normal course of events we switched our attention to the current crisis and its future impact on our lives, our economy, and our industry. These on-line webinars took the form of a short 30-minute interview style conversation. Speakers included: **David Smith**, The Sunday Times – ‘Where next for our virus hit economy’; **Professor John Kay CBE**, Economist – ‘Coronavirus pandemic – a case of radical uncertainty’; **Lord Kerslake**, Chairman, Centre for Public Scrutiny – ‘How can we assure that the economic recovery from Covid-19 looks more like a ‘U’ than an ‘L?’; **Martin Wolf CBE**, Financial Times – ‘How we manage the Covid-19 crisis – health, economics and public finances’. Recordings of all these talks can be found on the CULS website (see News tab). We were grateful for the support of Goodbody in hosting these webinars.

Other Events in the 2019/2020 calendar have included:

**Stewart Lansley**, Economist – ‘Universal Basic Income’; **Sir Simon Jenkins**, The Guardian – ‘The Free Market – the making of breaking of London’s Development’; **Professor Ian Gough**, LSE – ‘Heat Greed and Human Need: Climate Change, Capitalism and Sustainable Wellbeing’; **George Pascoe-Watson**, Portland Communications – ‘A pre-General Election Review’; **Professor Vincent Goodstadt**, UK 2070 Commission – ‘Tackling Regional Imbalances / a UK2070 Commission Review’; **Lord Hannay of Chiswick**, CH, GCMG, House of Lords – ‘Brexit after Brexit’; **Lucy Frazer QC MP**, UK Parliament – ‘Improving our Prisons’; **Lord Heseltine CH**, House of Lords – ‘Devolution updated’.



**Colm Lauder**  
Goodbody  
Whitehall Group Chair  
Wolfson (2011)



**James Lai**  
CallisonRTKL  
Whitehall Group Vice-Chair  
Wolfson (2007)





## The Whitehall Lecture Series

The 8<sup>th</sup> Whitehall Lecture 'The Future of Capitalism' was presented by Professor Sir Paul Collier CBE, FBA in October 2019. A copy of this, and other lectures in the series, can be found on the CULS website (see Articles tab).

Our 9<sup>th</sup> Whitehall Lecture will take place on Thursday, 26<sup>th</sup> November 6pm – 8pm and will take the form of an on-line webinar. The lecture, entitled 'Did Covid Kill the Climate? How Democracies Fail in a Time of Crisis' will be presented by **Professor David Runciman**, Professor of Politics at the University of Cambridge. **Bronwen Maddox**, Director of Lord Sainsbury's Institute for Government will moderate a distinguished panel discussion following the lecture.

Panel members will include: **Edward Luce** – Financial Times US Editor – New York; **Dr. Marina Povitkina** – Department of Political Science – University of Oslo; **Professor Julian Allwood** – Professor of Engineering and Environment – Head of the Use Less Group – University of Cambridge; **Mark Leonard** – Director, European Council on Foreign Relations – Berlin; **Professor David Runciman**, Professor of Politics, University of Cambridge. Please see the CULS website for more information.



### Planned forthcoming events for 2020/2021

Details for all future Whitehall Group events are included on the CULS events planner towards the end of this magazine. The format for these events will follow Government Guidelines.

If you would like further information on the Whitehall Group please contact Fiona Jones, Group Secretary (fionajones.wg@culandsoc.com)

### Planned forthcoming events for 2020/2021

#### On-line Webinar - Tuesday, 29<sup>th</sup> September, 2020 (2.30pm – 3pm)

**Ian Mulheirn**, Executive Director, Tony Blair Institute for Global Change  
Subject: Is housing supply the solution to the UK housing crisis?

#### On-line Webinar - Thursday, 8<sup>th</sup> October, 2020 (1pm – 1.30pm)

**Dr. Emily Shuckburgh**, Director, Cambridge Zero  
Subject: Sustainability and the natural environment

#### On-line Webinar - Thursday, 22<sup>nd</sup> October, 2020 (2.30 – 3pm TBC)

**Sebastian Payne**, Political Journalist and Whitehall correspondent for the Financial Times  
Subject: 'What is Johnsonism and how will it be implemented'

### The 9<sup>th</sup> Whitehall Lecture

**Thursday, 26<sup>th</sup> November, 2020 (On-line Webinar 6pm – 8pm)**

**Professor David Runciman**, Professor of Politics, University of Cambridge

Subject: 'Did Covid Kill the Climate? How Democracies Fail in a Time of Crisis'

#### Panel Moderator:

**Bronwen Maddox**, Director of Lord Sainsbury's Institute for Government

#### Panel Members:

**Edward Luce** – Financial Times US Editor – New York

**Dr. Marina Povitkina** – Department of Political Science – University of Oslo

**Professor Julian Allwood** – Professor of Engineering and Environment – Head of the Use Less Group – University of Cambridge

**Mark Leonard** – Director, European Council on Foreign Relations – Berlin

**Professor David Runciman**, Professor of Politics, University of Cambridge

# Asia Pacific Forum



**James Lai**  
CallisonRTKL  
Asia Pacific Forum Chair  
Wolfson (2007)

In the summer of 2019, the Asia Pacific Forum organised its first activity in Hong Kong. The event was supported by local alumni working within the industry. Participants' background varied from real estate developers, urban planners, investment managers, agency services and architects. The platform provided opportunities for current students,

recent graduates and experienced professionals to meet and interact.

Our goal is to foster a supportive community amongst our alumni and enable members to build trusted relationships, expand their network and grow their career.

As we are growing our presence in the region, please reach out to us (Ali, info@

culandsoc.com) if you are interested in joining, volunteering, sponsoring or co-hosting events. Concessions are provided to international members.

Online registration is available at <https://www.culandsoc.com/about/join-the-society/>.

# Sports & Leisure Forum

In a year of two halves the Sports & Leisure Forum were able to arrange two actual events and one virtual event.

In September 2019 members of the society played golf at Burhill organised by David Mortimer and written about elsewhere in the magazine.

Continuing our "in conversation with" theme of events Jim Garman of Goldman Sachs held a conversation with Sarah Winckless in front of an audience at Carter Jonas in November 2019. Sarah is one of Cambridge's finest female athletes. A three-time Olympian, she won a bronze medal in the double sculls in the 2004 Athens Games, followed by back-to-back gold medals in the world rowing championships in 2005 and 2006. She served as the inaugural Chair of the British Olympic Association's Athletes Commission, and was Chef de Mission for Team England during the 2018 Commonwealth Games. Sarah recalled her rowing achievements whilst at Cambridge followed by those on the international stage and then discussed her application of these achievements in the administration of global sporting events. Sarah spoke movingly about her mother's illness with Huntington's Disease and the society was very pleased to make a donation to a charity of her choice that works with patients who suffer from the same illness.

We intend to continue the "in conversation with" meetings once we are able to organise events in person.

After lockdown was imposed the forum turned its attention to how we could organise events on a digital and remote basis. We have long considered organising a quiz night so decided instead to organise a contest within the society based on the format of the BBC's very successful University Challenge. 32 members of the Society volunteered themselves and were split into eight teams of four, largely on a collegiate basis. Contestants were relieved that the questions were of the pub quiz variety and not of the elevated intellectual levels seen on



**Dominic Reilly**  
Immediate Past President  
Chair of the CULS Sports & Leisure Forum  
Gonville & Caius (1975-1978)

TV. After four quarter-finals and two semi-finals played out on Zoom, the final was keenly contested on a balmy evening on 7 July in front of a "live audience". 3P's & a Q (captained by Jeremy Newsum, an Honorary Vice-President of the Society, with Andrew Fox of Pembroke 1982, Roddy Houston of Peterhouse 1989 and Lauren Fendick of Queens 2006) were beaten by a combined team from Fitzwilliam and Corpus Christi (captained by our president Ian Marcus Fitz 1981, with Paul Munro-Faure Fitz 1978, Emma Fletcher Fitz 1996 and Richard Morton of Corpus 1974, who has appeared on the real event). We were pleased that Professor Derek Nicholls was one of the members of the live audience in the final and as a fellow of Fitzwilliam College he was delighted that several members of the winning team hailed from his own College and had been taught by him in the Department of Land Economy.

The plan is to repeat the event in the New Year, and hopefully on that occasion hold the final in front of a real audience.

Thank you to the committee of the Sports & Leisure Forum, Huw Stevenson, Hannah Durden, David Mortimer and Gordon Wood for their involvement and help in the events we have put on this year and what we hope to arrange in the coming year.



# Silver Street Group

2020 has been a challenging year by any measure. The lockdown restrictions made social gatherings impossible and that includes the usual networking drinks that were always well-received. The Silver Street Group committee managed to organise a networking event in December at LABS Holborn, part of the LABS Collective, a serviced office and serviced apartment company managed by one of our alumni Dotan Weiner. It was a great opportunity for our members to experience first-hand the rise of the co-working/serviced office sector, and the occasion saw connections were made among our alumni who work at Labs, WeWork, Argyll Club and Storey. Over the summer, the committee took the time to review our social media presence and the LinkedIn page has now been rebranded and relaunched. Members are welcome to make use of this platform to reach out to our alumni network. Link: <https://www.linkedin.com/groups/4663842/>

**The Silver Street Group is a social group for those members of the Cambridge University Land Society (CULS) who have graduated within the past 15 years. We arrange a series of social and networking events, mostly held in London and Cambridge.**



**Sophie Jenkinson,**  
Senior Associate, Ashurst LLP - Chair



**Tat-Kei Lo,**  
Senior Associate, British Land - Committee Member



## THE CULS VIRTUAL UNIVERSITY CHALLENGE JULY 2020

THE CULS VIRTUAL UNIVERSITY CHALLENGE - 2020			
QUARTER FINALS	SEMI FINALS	FINAL	WINNER
Culpeper/Culpeper 200	Culpeper/Culpeper 100	Culpeper/Culpeper 200	Culpeper/Culpeper
Willson/Willson 200	Willson/Willson 100	Willson/Willson 200	Willson/Willson
Adams/Adams 200	Adams/Adams 100	Adams/Adams 200	Adams/Adams
Treacy/Treacy 200	Treacy/Treacy 100	Treacy/Treacy 200	Treacy/Treacy
Magdalen/Drawing 200	Magdalen/Drawing 100	Magdalen/Drawing 200	Magdalen/Drawing
Sturges/Sturges 200	Sturges/Sturges 100	Sturges/Sturges 200	Sturges/Sturges
Murray/Murray 200	Murray/Murray 100	Murray/Murray 200	Murray/Murray
Porter/Porter 200	Porter/Porter 100	Porter/Porter 200	Porter/Porter



### Champions

Fitzwilliam/Corpus Christi

Team Captain - Ian Marcus

Emma Fletcher  
Paul Munro-Faure  
Richard Morton



# CULS Membership



Erik Ruane MA Hons MRICS  
CULS Hon. Membership Secretary (also Hon. Treasurer)

As at the end of the academic year in June, CULS had an active membership approaching 1,000 ranging in age from new undergraduates to centurions (Robert Hepworth, 17 August). The membership network continues to evolve with increasing numbers of international members joining the cohort living and working in the UK metropolis and regions. CULS is a truly global lifetime friendship network of alumni and students of Land Economy, Real Estate Finance and Architecture as well as many other CU graduates of other fields now involved in the real estate industry.

Through seminars, lectures, tours and dinners, CULS provides excellent learning, social and networking opportunities for members. In addition to some administrative costs of organising these events for members' enjoyment, CULS also plays an important role in support of staff and students in the

Land Economy and Architecture Departments of the University. For instance, CULS funds Tripos prizes, provides financial support for two fellowships and has been, and continues to be, available to provide financial support for relevant student Tripos dissertations.

The Committee appreciates members ongoing support for the Society for which, in these straitened times when some of the Society's regular revenue streams are unavailable, subscription revenue is and will be vital to the long-term health of the Society. In recognition, the Committee has resolved to postpone for the time being the scheduled Autumn 2020 review of subscription rates which will be held as per the past three years as follows:

- Full members working and/or living within 100 miles of London (Charing Cross) **£75 inc VAT**
- Full members working and living over 100 miles of London (Charing Cross), optional reduced rate **£55 inc VAT**
- Concessionary & International members and over-65's **£20 inc VAT**
- Current students and first year post-graduation **FREE**

Subscriptions may be paid either by bank standing order or securely via the website [www.culandsoc.com](http://www.culandsoc.com). All membership/subscription enquiries should be addressed to me or Ali Young at [culandsoc@alibrinkley.co.uk](mailto:culandsoc@alibrinkley.co.uk). If you do move home or business, please take a moment to update your details on the website to stay in touch – a Society can only ever be as strong as its members!

Through the current pandemic with physical gatherings curtailed, CULS has, like so many other organisations, had to adjust its events offering to virtual/online. The Committee has resolved that, bar possibly a small number of exceptional events, through the end of the calendar year at least, these will be free to join.

The CULS is also extremely grateful to many corporate businesses for their continuing financial sponsorship and logistical support to the Society.



**The Cambridge Land Economy Advisory Board, (CLEAB), exists to support the Department of Land Economy through being an interface with the broadly defined property industry, and with a view to sustaining and enhancing the outstanding excellence of the Department of Land Economy's world -class research and teaching.**

CLEAB comprises around 40 leading practitioners from industry, and often works with the Cambridge University Land Society ('CULS') that represents the many Cambridge graduates involved in the industry. CLEAB and CULS strive to ensure their efforts are coordinated, and with much success.

CLEAB promotes the Department, as appropriate within the UK and overseas. It provides industry input on, and suggestions for, appropriate research topics for the Department as well as input into the curriculum.

CLEAB hosts an annual dinner in Cambridge for the second year Tripos students to meet with key figures in the industry to discuss market conditions and various career options. In partnership with CULS, CLEAB supports a successful mentoring programme for over 100 students. Also, in partnership with CULS, CLEAB holds an annual careers fair in the autumn which is attended by around 150 students each year. The fair is the main property fair in the University careers calendar and provides job opportunities and internships for students across a range of disciplines.

Over the past several years, CLEAB has provided financial support for the Department for a variety of projects or roles including the annual Department trip to China, a number of field trips, a Doctoral Studentship, a Lectureship and a Departmental Assistant.

CLEAB is a unique entity within the University. Professor Sir Leszek Borysiewicz, former Vice-Chancellor of the University of Cambridge wrote of CLEAB:

"Through mentoring students approaching a notoriously challenging job market, through the strategic advice to the Department of Land Economy that helps to ensure their priorities remain those of the real world, and, most of all, through the generous financial support that CLEAB has given to and facilitated on behalf of the Department – the Board is making a significant contribution to the subject, and to the University as a whole."



# Notes from the Boundary

**H**ow much time do we spend contemplating our boundaries? I'll wager not much and certainly not enough. For without boundaries we may not even have a property profession.

Cricket was my first knowing encounter with boundaries. The game employs, of course, two boundary nouns. One is the rope limiting the playing area and the other the classic scoring shot of 4 or 6. There is always a special feeling as a batsman when hitting a boundary – for a bowler, less so – but these notes are about the limiting boundary and about which I feel a lot more ambivalent.

The rights and many wrongs in the history of Enclosure and the numerous acts of parliament must have played a big role, alongside title registration, in the evolution of the sophisticated system of delineated valuable property rights which we own, buy and sell today. We can be grateful for that. And I'm not going to argue that boundaries are unnecessary but too often we forget that rigid, impermeable boundaries create more problems than they solve.

I see this most obviously with large scale development when owners and architects treat the boundary line as the limit of self-containment in their thinking. Unless the project is the first development on the moon, this can never be the case. The boundary is not a limit but a link - a point of connection to other people, other buildings and activities. The bigger the project, the greater the temptation towards isolation with insufficient awareness of buildings and life beyond the boundary. Places are not prisons and it is the connections and mutually supporting activities which are needed to make new places integrated and not isolated.

Hard boundaries like the Berlin Wall, the new Trump fence between the USA and Mexico, the Israel Security Wall ultimately cause more difficulty than they purport to resolve. Thank goodness we hear little nowadays of the 'gated' community with its core idea that the bad world can be kept out. There can be no freedom living in an artificial environment and I would question whether the community in such utopian versions of the ghetto would ever be as strong as in the slum versions.

Now, a belt is seemingly different to a boundary. Green belts long preceded the mass 'green' movement but the green = good connotation means they are equally untouchable if you are a right-thinking person. In Cambridge we have a situation with the green belt and the City boundary. The best thing about a belt is the variability of size allowing the belt's circumference to adjust to changes in the size of that which it encloses (in theory, smaller as well as larger). A green belt is a manifestly useful idea but in Cambridge it was designated around a small town with strong academic traditions which created little pressure for change over many centuries. Its recent growth has been so great and the pressure on the green belt so unrelenting that inevitably it has been breached. Not only that but the tight belt has forced development away from Cambridge into surrounding towns and villages in an unplanned way. This outcome is clearly sub-optimal for everyone and is adding pressure on the environment, not reducing it. The battles continue with much recrimination and distrust caused by an outdated boundary.

(Incidentally, green belts are not as good a concept as green lungs which connect green spaces into the centre

rather than ring fencing them on the outside.)

The lack of planning has been exacerbated by the historic political boundary between the City and South Cambridgeshire (which entirely surrounds the City). By any definition, Cambridge is much more than is contained inside the official City boundary so two political districts are required to plan one place. Once again, clearly sub-optimal. To their credit, the City and South Cambridgeshire have recognised the imperative and created a joint planning organisation but it's the equivalent of patching a brick wall with straw.

Nothing rigid can withstand the challenge of variation – that would certainly be true in cricket if not everything else. Change is the only constant and if boundaries cannot be flexible or permeable they must inevitably fail. So let's spend more time looking at boundaries as obstacles to remove, than as set limits to our imagination.



Jeremy Newsum

# Cambridge in 2050: planning ahead

**T**he future is by definition uncertain, and shocks such as the present pandemic arrive without much warning. But there are things that we can be more certain of and prepare for, such as demographic change. By 2050 the population of Cambridge will be bigger, more unequal, and older. If the built environment does not keep step and adapt to the changing needs of Cantabridgians, then long commutes and congestion, unaffordable housing, and an inadequate care infrastructure will throttle the quality of life in the city. Symptoms of these urban issues are already apparent, but it is not too late to remedy the underlying causes.

Now is the time for setting a bold



strategic vision and establishing targets. By 2050, Cambridge should be able to compete with many comparable European cities in terms of urban framework, mobility, housing and care infrastructure. For instance, Copenhagen's impressive cycling infrastructure means that 62% of commuters travel by bike; Freiburg's 32km long tram system compresses the distance between the city centre and

new residential neighbourhoods; Ghent's pedestrianisation has created an inviting and walkable urban heart; and Durham's regeneration of underutilised city centre plots has reclaimed much needed space for housing and care amenities.

The population of Cambridge has increased by 20% over the last thirty years, far outpacing the development of its transport infrastructure. As a result, Cambridge has the largest travel-to-work area of any city outside London, with many lower-earning employees facing car commutes of 90 minutes – befitting megapolises such as Los Angeles perhaps, but not the fenland. One answer is to extend the light touch tentacles of transport infrastructure by introducing trams, cycle expressways and eventually autonomous bus routes, and to develop dense mixed-use neighbourhoods along these transit corridors. The siting of transit-oriented-developments would require surgical precision in the context of Cambridge as it is surrounded by precious greenbelt land. Balancing growth with the conservation of the city's unique *rus in urbe* character will require a strategic vision that delineates the directionality of growth and paves the way for a sustainable mobility network that connects the tapestry of neighbourhoods. Central to this vision will be an imaginative strategy for the re-invigoration of the city centre, responding to recent changes in retail and leisure, dissolving boundaries between university and city and balancing the needs of traffic and pedestrians and bicycles. We explored many of these ideas in the Foster + Partners' Cathedral Cities Study, which examined strategies for urban growth in historic towns without comprising

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Spencer de Grey CBE RA  
Head of Design  
Foster + Partners

intrinsic character or building on the greenbelt.

Cambridge, for all its superlative accolades, has topped the list as the most unequal city in the UK for the second year running and has the third least affordable housing in the country according to the Centre for Cities. Whilst the city is seeing some expansion on the Southern Fringe, North West Quadrant and around the Cambridge Station, the 2.6% annual growth in housing is outpaced by the 6.8% growth in employment. Indeed, much of the new development is catering to the well-paid workers employed by the 4,500 high tech firms in Cambridge who have congregated in the city to benefit from world-leading graduates and faculties. What's more, the city's commutable distance to London, coupled with the foreseeable, post-Covid trend of part-time remote working – which is encouraging prospective buyers to move out of the capital city towards Cambridge's greener pastures – is skewing the housing market further in favour of affluent buyers. It cannot be





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overstated that housing for workers in key sectors such as health and social care is in short supply, and the provision of affordable housing thus needs to keep pace with the increasing need for key workers in decades to come.

Today, Cambridge is one of the youngest cities in the country with a median age of 34.5. But by the mid-century, this young workforce will be nearing retirement, and 1 in 4 people will be over 65. Our National Health Service mobilised with impressive speed to provide critical care for those suffering from the virus, but the low number of beds and staff per capita meant that the policy response hinged on slowing down the infection rate; suffice it to say, an enormous investment is needed to boost the capacity of the NHS as it moves towards its centenary in 2048. But a resilient city needs not just to cure ailments, it needs to prevent them. In addition to its hospitals, clinics and GP surgeries, Cambridge needs wellbeing centres akin to the famous Peckham Pioneer Centre, which opened in 1926 to provide 'social medicine'. Conceived by doctors who believed that medicine was overly focused on curing rather than preventing disease, the Peckham wellness centre provided local families with a gym, swimming pool, games room, library and nursery with the aim of promoting a wholesome lifestyle. Perhaps the time is nigh to revive such institutions of holistic wellbeing, encouraging people to lead healthier, more socially engaged and economically active lives into their later years.

As built environment professionals we have a duty of care to respond swiftly with tactical interventions to remedy the most pressing symptoms such as the

housing shortage, but we must also offer long-term strategic visions to address the needs of a changing demographic. Planning ahead and developing dense and mixed-use transit-oriented districts, and increasing the health and care infrastructure is absolutely imperative. As we try to envisage the mid-century, I am hopeful that Cambridge – the UK's most innovative city – will mobilise its talent across the university and the public and private sectors to create a truly resilient city that caters to, and cares for, all of its citizens. With close cooperation between University and City, much can be achieved.



Alamy Peckham, Health Centre-B6W9YX



Alamy Freiburg-D6YJ2E



# D&I in Real Estate – work in progress!

I make no apologies for choosing to talk about diversity and inclusion in our real estate industry. I know there are some who think it has been done to death over the last couple of years but it is arguably one of the most important challenges, alongside climate change, that we have to face and its relevance and importance have been highlighted in 2020 by both the Covid crisis and the Black Lives Matter movement.

My diversity journey started a long time ago. As one of only a handful of female graduate recruits to the Ministry of Defence I was very conscious of my minority status and although I was lucky enough to be able to turn it to my advantage in most situations I soon learned that there were others for whom it was a real barrier to advancement. I like to think I did my bit by fighting to become the first female at Principal level who was permitted to work part time after my first child. Subsequently it became the norm for women with children but it took a fair bit of pressure to overcome the initial response, 'You can't - because it's never been done before'!

During my time in what eventually became QinetiQ plc I became the sponsor for our equal opportunities policy on the Executive Board and we started to make some progress on gender diversity – but it was slow going. I really couldn't see why the sort of scientific research and consultancy that we did, primarily for the Ministry of Defence, couldn't be delivered by people working flexibly - and that didn't apply just to women but to anyone who wanted to have a different work/life balance. Other companies in the 1990s had started to take a more flexible approach, partly as a way of achieving greater employee retention, especially in areas of scarce expertise. But I can't say it was a universally accepted position.

And then to the property industry! Fortunately, my time in the Ministry of Defence had prepared me well for being the sole woman in meetings, at social events and on conference platforms. But the degree of gender imbalance at middle and senior management levels was quite a shock. Which is why I became involved some 5 years ago in helping to set up an organisation called



**Liz Peace CBE**

Real Estate Balance Chair  
Non-Executive Director at RPS plc, RDI REIT plc and Howard de Walden, and the Churches Conservation Trust, the Architectural Heritage Fund, Old Oak and Park Royal Development Corporation, and the Sponsor Board for the Palace of Westminster Restoration and Renewal project.







Real Estate Balance with the aim of improving diversity and inclusion in the industry so that it better reflects the society it serves. This latter bit about 'society' is, in my view really important since arguably the ultimate clients and users of property are the whole of society in some form or other. How on earth can we claim, therefore, to understand what those users want – and build more successful businesses on the back of it - if our industry is run by just a small sector of that society?

The principal challenge with trying to improve diversity at more senior levels in an industry is that it is not something that can be achieved overnight. You cannot simply magic senior and suitably qualified women or indeed ethnic minorities out of thin air when looking for new recruits to a company's leadership team. It's a bit easier at board level where the pool for non-executives is marginally better – but that's not where our focus lies. At Real Estate Balance we want to see better balance in middle and senior levels so that when promotions to the very top come to be made there is a fair chance that the end result will be gender and ethically balanced as well.

The gender diversity of recruitment to our industry – which is frequently through the chartered surveyor route – is improving (I'll come back to ethnicity in a moment). The RICS records that 28% of newly qualified surveyors are women. My concern is that we need to be sure we are going to retain these and the other women joining our industry through the middle management years when sadly in the past many have simply given up and exited the industry. The principal reasons for this exodus, apart from the obvious issues to do with the cost and availability of childcare, seem

to have more to do with organisational culture – presenteeism, playing the necessary games to make sure you get to the top, the requirement to socialise in a way that simply doesn't fit with family life. And that is why at Real Estate Balance we started by working with property industry CEOs to help them understand what they needed to do to lead that cultural modernisation from the top. We have 92 CEOs signed up to our ten CEO Commitments – all names that are well known in the industry and determined to lead by example. Our next step is to work with more of the cadre of middle managers within the industry to understand what barriers still exist to their career progression and ultimate journey to the top.

I make no apologies for the fact that Real Estate Balance started off with a strong focus on gender diversity within the industry. My own view was always that if an organisation's culture encouraged true gender diversity then it would almost certainly be a culture that would be welcoming to LGBT, BAME and disabled employees. But as the discussion around Black Lives Matter has shown, the situation is rather more complex than that and in terms of ethnicity the roots of the problem are likely to be different. My suspicion is that the property industry still recruits from too narrow a base to be in a position to tap into the racial diversity of our society and that if we want a racially diverse pipeline from new recruits through middle management to the very top then we are going to have to make more effort as an industry to get into schools and communities and show that property can provide a career for a much wider range of people than it does at present. There are already some great campaigns – Changing the Face of Property, Pathways

to Property, and the work of the Chartered Surveyors Training Trust in providing apprenticeships from socially and racially diverse backgrounds. But it is all too diffuse - and too small scale. We need to come together as an industry to solve this problem and whilst Real Estate Balance can – and will - endeavour to support and if necessary co-ordinate these many different initiatives we are simply not sufficiently resourced to shift the dial on our own.

Finally, I must mention the impact of the Covid crisis. At one level, it is of great concern that the female component of the workforce is perhaps experiencing more than its share of job losses and the burden of increased childcare/home-schooling. But on a more optimistic note, it also seems to be the case that those organisations that are culturally more diverse and already operate flexibly have found themselves better placed to withstand the challenges posed by Covid and the need to radically alter working practices. And, of course, what the home working revolution has totally undermined is the culture of presenteeism and the idea that in order to succeed you need to be in front of the boss all the time.

So I guess I am more optimistic than I have ever been that the dial is truly shifting in the real estate industry when it comes to diversity and inclusion – but before we get too pleased with ourselves we should acknowledge that there is still a long way to go; that this is a challenge that will take some years to beat; and that we shouldn't allow crises along the way to derail us from an ultimate prize that will make us better and more successful in giving society the real estate that its diversity requires.



# Real Estate in a post Covid 19 world

The week before 'lock down' I drove from an increasingly nervous and emptying London to collect my 20 year old son from Newcastle University. As I drove through Newcastle I was aware that most of pubs and cafes were full and the streets busy. My son had been out the evening before and said that the city centre felt completely normal. As we drove back he enquired as to what all the fuss in London was about. At this time our government scientists were saying that the UK was at least 4 weeks behind Italy.

## The rest is history.

My wife and 2 sons settled into our house in the countryside. For a while, (other than the shadow of the terrible unfolding hospital admissions and daily rising death toll announcements each evening) our days as a family unit with separate spaces and good Wi-Fi felt productive. The meal together in the evenings was a highlight each day.

Exercise every day, cycling, a little running and some walking in the countryside substituted for me missing my daily cycle commute. It did become too much of a 'good thing' though and dare I say a little boring. Watching spring unfold and summer begin was magical. Keeping elderly relatives safe and stocked up was surprisingly time consuming.

I am sure like a lot of businesses, British Land was amazed at just how well the technology worked and how we all took to it. All credit to our IT team who had for a while, if not for several years been telling us all about 'Teams' and how we could all 'agile work' more and better. Everything worked on day one.

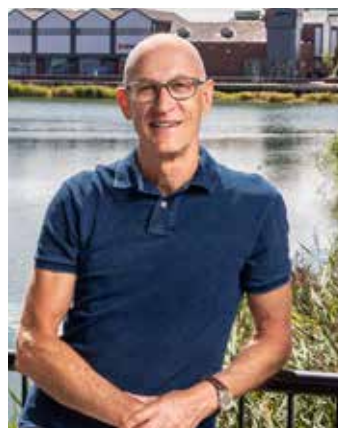
For me, jointly leading the Canada Water Team of 20 or so people with ages from 19 to 61, we had been a British Land 'agile working' pilot group for over a year. Home, cafes and other places for remote working was encouraged but only to a point. We were still an office based group who came together several times in a week and were often together 'on site' at Canada Water.

Many of British Land's assets were open all the way through the lock down, and our colleagues did a remarkable job keeping them safe. Our shopping centre at Canada Water, Surrey Quays where we have a large Tesco with plenty of surface car parking remained open and became progressively busy throughout.

As soon as restrictions were lifted, myself and about half of our Canada Water colleagues returned part time to the head office or to Canada Water. The majority of us, even those with lovely homes and studies could not wait to get back!

## So were we all productive working at home?

We got stuff done, many things progressed, we had lots of 'virtual' meetings, we spent lots of time looking at screens. The job of a developer though is not one of predictable process. 'Casual' conversations before and after meetings, conversations with unexpected encounters, serendipitous events, walking, talking, sharing experiences is all part of the creativity required to move complex mixed



Roger Madelin CBE  
Joint Head of Canada Water, British Land





use projects forward. The Canada Water team will continue to 'work agile' but will not be based at home.

My thoughts about this recession/depression compared to those of 1979 to 1983; (I had just started work) 1988 to 1993; 2000 to 2004 (the dot com crash was severe if you were a developer in the Thames Valley!) and '2008 to 2012' (I was a director or CEO of Argent)

They all took about 4 years to get back to 'normal' but the worst point in each was reached fairly quickly and after that each step was a step forward.

This time, no one knows when social distancing will truly be behind us and until it is the worst could still be yet to come.

Others of course know far more but let's say this time when we come out of it; 20% of our population will be economically, socially and mentally very damaged, 30% will still be working but worried about their economic future, 30% will be working pretty much as before in industries that have done 'well' and 20% will be financially insulated/actually better off.

The government with huge debt will need to raise taxes. They will not have enough money to invest and spend, but there is and will be



huge amounts of private and corporate wealth still intact and looking for opportunities.

Failed businesses and empty buildings will be new opportunities and in my opinion we may see the roaring 1920s once again. This rapid 'wild west' expansion must be guided and sometimes be forced to help those most in need, to bring them along with the growth. Hopefully this decade will not end up like 1929!

### **So what about cities, urban development and the predicted death of the office?**

Cities and high density urban conurbations will once again continue to grow and prosper. There is no alternative to house and look after the world's growing and increasingly needy populations. Do the math of land use and resource.

Cities have always been the powerhouse of innovation and if London and other cities remain truly open to international talent and finance, growth and prosperity will return.

Some jobs, mainly process orientated can be done from home but the logical conclusion of where those jobs will eventually be done, if they are not automated, is not in 'your home' in leafy Surrey but probably in Vietnam or India.

Working from home has its place for some and for some of the time but with most firms employing c70% of people under 35 years old and the average first time home buyer now risen to 33 years old, those pronouncing that we can all work from home need to a) remember that not everyone has an ergonomically designed suitable workspace in the home and b) in my opinion any business that requires innovation and critical thinking requires regular and frequent physical interaction.

Will the proposed c4m sq.ft. of work space

at Canada Water ever be occupied? Yes, in my opinion. (It was not that long ago that one of the big tech companies was actually considering stopping home working as they considered it not conducive to creativity and productivity! Google, Facebook, Apple and Amazon to name but a few are all building major office 'campuses'. They knew about the technology for home working before we did!)

Our planning consent also includes up to 3,700 new homes and up to 1m sq.ft. of education, retail, leisure and cultural uses; so we have the flexibility to deliver different uses at different times. The first buildings will be ready for use/occupation in 2024.

At Canada Water we started designing the urban centre several years ago; accessibility for the under 35 year olds both by public transport and by bicycle is exemplary and therefore it was always going to be a great place to work.

Health and wellbeing, physical and mental was the key design driver. Access to 120 acres of park, woods and dock and 50% of the 53 acres of development being green or water public realm is a good start. The buildings themselves were always to have better air quality, opening windows, outside space and were low to medium rise with plenty of vertical circulation. As for mental wellbeing, the mix of uses and the social connection initiatives that we will be employing should be world leading.

With the hours of work becoming more flexible for many before the pandemic and the need to be in the office every day increasingly 'optional', the ease of access, the quality of the buildings and place and the mix of uses and activities available will make Canada Water an exemplar new urban centre.

I would put my money into it!



# Climate Change - Be involved in making Change

**W**e have seen the reality of currently an almost unstoppable disaster – the pandemic. It is a foretaste of the draconian changes the bigger disaster that is looming, will have and is already starting to have, on our way of life – climate change. The real event is – Climate Change not the virus. It is not about re-imagining alone – it is about serious long term immediate structural changes.

Nor is this something new. In Professor Douglas-Crawford Brown's 2016 Occasional Paper \*\* for the Whitehall Group he writes that the idea of sustainability goes "back to 18<sup>th</sup> century Germany with the concept of *Nachhaltigkeit*, translated roughly as 'persistence'. The key point about *Nachhaltigkeit* is that it links the environment directly to economic activity." The issue now is far more critical than it was then.

We are talking about major changes needed to the way we invest in, develop, use and construct our built and rural environment. Thousands of books, papers and research programmes have been published over the decades, but the reality is that however much good work has been achieved the management and development of our environment and land use has not and is not sufficiently structured to make anything like the impact needed.

If we tinker with changes in our ways of living and our values to deal with the

immediate effects of the pandemic, returning more or less to where we were before and do not have the strength to make fundamental and deep changes now, then the lessons to be learnt will fail to be of any value to help us remedy the looming catastrophe of climate change.

David Runciman, Professor of Politics at Cambridge will give the Ninth CULS Cambridge Whitehall Lecture in November and together with a distinguished panel following the lecture, will ask and discuss "Did Covid Kill the Climate? How Democracies Fail in a Time of Crisis".

This is not just one of those 'cyclical property crises' that the property sector historically experiences – this is a long drawn out crisis about which we have acknowledged and done little about in reality. Now we have had a foretaste – it is real! Will we change enough the way we develop and use our built environment and in time, to make the difference needed for future generations to survive – and basically keep the rise in the world's temperature below 2 degrees and stop polluting our soil, seas and air? The signs are not good.

Prior to going up to Cambridge and for many years after, I spent much time working on a land reform project in South Africa (and I continue to be connected with its work) and a shorter period on a UNA project in Uganda. The appalling abuse of social and political



Douglas Blausten

*"there is little remaining public doubt about [climate change's] reality, but despite this, few people consider that they personally should be involved in making any change"*

Julian Allwood and Jonathan Cullen –  
'Sustainable Materials - without the hot air'. \*





rights in the former encouraged and perpetuated in equal measure the abuse of agricultural and urban land uses and resources. The legacy of the past sadly continues to this day despite endless efforts to restore a sustainable balance and improve the lot of the populace.

The world of western democracies on the whole, has not learnt its own lessons and seems to have insufficient wherewithal to do so in spite of the precipitous state of the world's eco-systems which we have so clearly identified and researched. In this context the 'sophisticated' world of commercial real estate investment and residential urban development in which many of us are immersed and the proceeds of which we live off and prosper from contributes but a fraction of the action needed at best and pays almost 'lip service' to addressing the threat of the ecological warning of a calamity in the making. Many good developers rightly pride themselves on the contribution their buildings make to sustainability and placemaking but in reality, the true effect on solving the climate change crisis is de minimis.

Douglas Crawford Brown when he was Director of the Land Economy Department's Centre for Climate Change Mitigation Research, set up the 'Cambridge Retrofit Project' with support from Local Authority, Government, international organisations, industry, trade and academia – I was happy to be a founding member. For years we discussed, researched and developed an approved strategy and implementation process for the project. It went nowhere. There was no financial 'buy in'. It was not viable. It was essential though.

Take the issue of air pollution. We have come a long way in the last 50 years – or have we? The 1956 Clean Air Act was a momentous step forward in responding to the London smog disaster of 1952 but took over three decades to implement fully. Back in the late 1960's and early 70's the campaigning leading figures for a better environment included Nan Fairbrother in her ground-breaking 'New Lives, New Landscapes'. In nearly 400 pages there is only one brief reference to pollution other than landfill. She positively praised the building of motorways not least for the benefit of encouraging people to see the countryside! Professor J.B. Cullingworth's then important 3 volume 'Problems of an Urban Society' hardly references pollution other than land fill and dereliction and in the chapter of transport – nothing! In Professor Peter Hall's seminal work 'Containment of Urban England' – pollution is almost an afterthought. In Donald Denman's 'Land Use' it is not even a consideration in the social evaluation of land and development projects. So, in 50 years we have come a very long way as the issue is at the forefront of planning and development – but it is not enough.

It has not been enough because we have almost certainly reached a tipping point in climate change from which the chances of pulling back are far from likely – unless fundamental change through the authority of government is forced upon us through legislation. For the two months or so of the Covid Lockdown in the UK but also almost everywhere else in the world, according to The World Economic Forum "The restrictions sent financial markets into free fall. But they have also given residents in some of the world's most polluted cities something they have not experienced in years: clean air". If you read the statistics and look at the

pollution maps data, they are staggering. Yet it hasn't changed the fact that, as the World Health Organisation's data estimates, some 3 million people die each year from illnesses attributed to air pollution with 98% of cities in low-income countries failing to meet their air pollution standards and 80% of us living in urban areas are exposed to unsafe air quality.

What do we do with the ending of Lockdown - "Air pollution rebounds in Europe's cities as lockdowns ease" is the headline in a June 2020 article in the *Financial Times*. So, where does the future take us whilst we still reel from the shock effects of the pandemic – one predicted in many scientific and environmentalist quarters but not heeded?

In his 2019 CULS Cambridge Whitehall Lecture Professor Sir Paul Collier makes the comment " 'Whatever it takes' is a brilliant phrase because it really admits we are not sure what will work. If we are not sure, what is the sensible thing? Not to give up, but to experiment! Find out what works where [Capitalism] needs to renounce the ideological beliefs that mislead adherents to believe that they know exactly what will work. We need to make a start."

We regulate the way societies think, invest, consume and produce through government policies. Those of us who live in Democracies tend to vote en masse for what is best for us as individuals and so it is that Governments on the whole shape their policies. In Authoritarian states Government decides what it wants and implements what it wants irrespective of what people want. So, will the democratic governance mean we will just not change until it is too late and is the only way for authoritarian government with enlightened leadership to enforce the drastic change needed? Our response to the pandemic gives us all a chance to make the radical changes needed – or has indeed Covid-19 put a further nail into the coffin of the world as we know it? You can find out more on 26<sup>th</sup> November when Professor Runciman gives the next CULS Cambridge Whitehall Lecture and Bronwen Maddox, Director of Lord Sainsbury's Institute for Government moderates a distinguished panel discussion.

\*Allwood J.M., Cullen J.M., Carruth M.A., Cooper D.R., McBrien M., Milford R.L., Moynihan M.C., Patel A.C.H. (2015) *Sustainable Materials without the hot air*, UIT Cambridge, England.

\*\* The Cambridge Whitehall Lectures and Occasional papers can be found on the CULS website

# The Property Industry Needs to Change



**Richard Pickering**  
Chief Strategy Officer  
UK, Cushman & Wakefield  
Richard runs C&W's Futures programme and writes a weekly blog on the changing nature of real estate, with a readership of over 6,000.  
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*The property industry needs to change. That's nothing new. However, COVID-19 is a spark that is likely to set a fire under much of what we know.*

When I joined the industry 15 years ago, much of the sell was that 'this is a people business'. More critically, I was told that surveying is what you end up doing if you can't get into banking. I don't think that's fair. As a reformed lawyer, I have found those in real estate to be quick minded, commercial and entrepreneurial. However, the same cannot be said of the industry as a whole, which fairly earns its attribution as sleepy and backward looking.

Perhaps because the industry has historically offered a quality of life above many other careers, whilst combined with decent earnings potential, there has been little incentive for people to change. Similarly, for businesses, whether on the advisory or principal side, positions have been cosseted.

For investors, there is limited genuine competition on product. Most make their money on timing things well and spotting under-pricing; the word 'customer' is a relatively new concept. For occupiers, a group with more liberty to innovate, an overwhelming focus on cost has crowded out the discussion on the value of space. And in this context, advisory practices have had limited cause to adapt. Success in real estate advisory relies at it always has, on personal relationships, experience and tenacity.

The barriers around our industry have also restricted the gene pool. We are well behind other industries in gender, ethnicity and socio-demographic diversity. Equally troubling, we have limited our diversity of skills to those needed to do jobs that we largely designed 30 years ago. All of this inhibits innovation and gives rise to the spectre of disruption.

And so, in spite of radical change in other sectors, one might be forgiven

in mistaking the real estate industry of today for that of 10 years ago. Nevertheless, an undercurrent for change has been building momentum for some time.

This has typically arisen from one of three sources.

**Firstly, big personalities.** Over my career, I have worked with several personality driven organisations that are willing to shake up the status quo. Founder owned business can innovate in a way that public businesses and institutions, weighed down by governance and reporting, find more challenging. However, increasingly, these are few and far between. Consolidation in all areas of the industry has led to fewer, bigger businesses, and typically it is these large cost-efficient businesses that are dominating the industry.

**Secondly, exogenous influences.** In recent years, several businesses have peered into our industry and found something lacking. Particularly the tech sector and those with platform models, have tried to export these principles to real estate with varying success. For commercial real estate generally, Proptech has failed to deliver on its promise. Office 365 has had a much bigger impact on our industry than any faddish app or one of the now ubiquitous 'the Uber for' aggregators. The most significant innovators like AirBnB and WeWork, haven't really been about tech, but rather reframing an offer to better suit the needs of the end user.

**The final source of innovation is distress.** It is no surprise that retail is where the most interesting things have been happening over the past 5 years. The threat of failure is a powerful incentive to change. That same threat now presents itself on a much wider basis.

**However, the ability to change is not equal.**

The paradox for most successful businesses is that their success is often measured by their ability to return value to shareholders in the short term, whereas their future potential is reliant on investments made now that might limit their capacity to do so. A good story on growth and reinvestment is often traded off against annual dividend payments.

The economic environment in which we now all operate constrains resource and creates cashflow challenges. The inevitable response is to preserve stability by turning off discretionary expenditure. When the wolf is at the door this makes perfect sense. However, this implicitly stores up a challenge for the future. If investments in change are not made in the short term, then self-evidently change will not materialise in the medium term. This provides an opportunity for those businesses with significant cash reserves to steal competitive advantage. Evidence shows that those businesses that invest during a downturn perform better over the cycle; however, this is a luxury of the cash rich, and those that have earned some slack from their shareholders.

One could as easily apply this principle to counter-cyclical investment, occupier investment in workplace, or investment in technology that will create longer term business efficiencies. Those that will come out on top over the next 5 years, are right now looking at growth and opportunity in these areas.

So, what are we likely to see happen in the next 2 years?

Firstly, we will almost certainly see some distress. Experience tells us that those that arrived at the party late and geared up thinking the cycle had more steam will be the worst hit. In the Proptech sphere, many start-ups that





operate hand-to-mouth at the best of times, will likely go to the wall. Some sectors, through no fault of their own, will suffer extreme operating impacts in the short term and potentially longer-term structural shifts, which will diminish their relevance. Across all areas of our industry, those that aren't able to adapt will struggle. Some of these will fail, but I suspect that more will be eaten up by the financially stronger competition as PE ratios reset. **Watch out for further industry consolidation.**

Secondly, whilst few would actively seek out such, a pricing rebase has the potential to catalyse change. The evidence on pricing tends to follow the fact, and large emerging discounts to NAV point to the future. A number of assets across the country, stagnating under the millstone of their book values, will be unburdened, unlocking the potential for redevelopment and renewal. Some existing owners holding for income will be replaced by banks,

capital appreciation vultures and perhaps the public sector. **Watch out for shifts in the ownership of real estate.**

Thirdly, in a world where remote working is given more emphasis, businesses can and will become more globally integrated – talent pools can be drawn from further away. Workers at Twitter, which announced recently that employees need never go back to the office, can trade their expensive Bay Area flats for an estate in southern Italy and still keep their jobs. **Watch out for shifts in who works in our industry and where they work.**

Finally, businesses will take a long look at themselves, and perhaps see this as the time to give up old dogmas that are no longer relevant. External shock creates a focus on necessary internal change that might have been bubbling for a while. For the industry this might mean finally letting go of the past. The value chain of assets, skills and capital will be unsettled, as will the

relationships between those that provide each. New importance must now be placed on:

- (a) a new proposition to the end users of real estate that gives them something beyond a place to keep dry,
- (b) data and analytical skills – a professionalisation of real estate expertise,
- (c) new commercial structures between investors, occupiers and advisors, and
- (d) a genuine approach to ethical and sustainable propositions that goes beyond lip-service.

Should you be concerned about the change to come? Only if you're not willing to change. If you are concerned, I can recommend no better book than *'Who Moved My Cheese'*. For those looking for a precis, I borrow the words of US writer William Arthur Ward: *'The pessimist complains about the wind; the optimist expects it to change; the realist adjusts the sails'*.

# Change is the only constant

I've been a real estate fund manager for over 20 years and in the UK real estate market for almost 30. I graduated into the teeth of the early 1990's recession, which had largely been led by a development boom funded by cheap capital. Banks were in distress, developers were collapsing, and the employment market was thin. I joined a small commercial practise in my small home town in Wiltshire and kept my head down.



**Philip Nell**  
Fund Manager and Head of UK Real Return Assets  
LaSalle Investment Management

I spent the next 10 years working through the odd weird moment (The Dotcom Bubble being one), but overall it was a period of relative market stability and growth. Long term UK life companies (one of which I worked for) were still dominant, with annual allocations and little need for short-term liquidity. Leverage was a word US investors used, and we had next to none across our real estate portfolios. Then came the new millennium. Overseas investors became more active, and started investing in places outside London, defined benefit pension schemes were closing, and the rise of the private/retail investor was starting. In May 2007 we were taking 65p in every £1 invested in UK real estate by retail investors into ONE of the funds we managed. Such investor concentration risk was only going to play-out one way.

The UK real estate investment market has changed beyond all recognition in the 21 years I've been managing capital. Not only have the sources of capital themselves radically changed, but the way in which we consume real estate (and the fact that we talk about it in that way) is completely different. When I started out as a fund manager, the firm I worked for had a shopping centre in a well-known regional city. They'd already owned it for some time (they may even have developed it some 25 years before), but it was in need of comprehensive redevelopment.

The units were poorly-sized, and the configuration of the scheme was challenging. The car park was also too small. So they started a journey through the planning system of that particularly conservative city, which took them over 12 years to complete. Some 15 years later, they owned a shiny new shopping centre, full of shiny new tenants.

I mention that example, as to me it particularly illustrates the fundamental change in the both the duration of the capital which we have to manage and the purpose to which it's put. Today, our high streets are fighting a losing battle for our attention against the convenience and relative pricing of online retailing. We desperately need long-term capital to work through the quagmire that is the UK planning system, but to what end? What will retail and leisure demand be like in 10-15 years, and how do you join fragmented stakeholders into that one purpose anyway.

Covid-19 has brought with it challenges which I don't think anyone in our industry foresaw (unless they happened to watch Bill Gates on Ted Talks in 2015). It has accelerated behavioural changes which were already embedded in the system, and it has caused a flood of cheap capital from governments and central banks which (as in the Global Financial Crisis of only 13 years ago) has served only to generate more asset-price inflation. Not long ago, around 50% of UK institutional investment was in the





retail sector. It's now nearer 30% and going south. True, the growth of online retailing has created a need for new fulfilment centres, logistic hubs and last mile delivery networks, and for the latter at least the competition with other land uses (particularly residential) has forced up pricing and rents. But who though the office was at risk?

I remember the growth in out-of-town offices in the late 1980s/early 1990s. The convenience of a car-borne workforce being able to access your new leafy HQ, made from glass and steel (with quite a lot of concrete thrown in) was an attraction that many occupiers couldn't resist. Bigger buildings, with great car-parking, access to a central gym/leisure facility and overlooking a lake played to the mood of the moment. Thames Valley Park in Reading and Stockley Park in Uxbridge were two of many examples. Companies needed larger office floorplates, with infrastructure capable of taking all that new computing. As these parks were managed as one entity, they were manicured, safe and (in many ways) sterile. Managers did their best to engender a sense of community (running clubs) and amenity (central hub restaurants), but the latter could be much-better delivered in town and city centres which offered an eclectic mix of activities and people. However, large parts of many city centres were pretty horrible and dangerous places to be. Think of Manchester in the mid-1990s, for example.

Working practises changed, partly because the way we work changed,

and partly because who was working changed. A generation of workers who'd been brought-up in a world of internet and online wanted something different, something more "real" than a shiny out-of-town office campus. Many of them didn't even own a car (or want to). The infrastructure required to accommodate computer technology in buildings was evolving at a remarkable pace too. No longer were large raised floors needed, or open-plan, football-pitch floorplates. The most recent example of a place which has benefitted from this seismic change in behaviours and technology is Shoreditch in London, where putting chicken-wire on your windows actually seems to add value to your property.

So, where now for offices, and where now for investor demand more generally?

One thing is for sure, my personal consumption of real estate has changed dramatically over the last 6 months, and I doubt it will return to what I once considered to be normality ever again. I vary rarely used to work from home, but I can see myself working from home regularly one day a week in the future. That'll reduce my personal consumption of offices by around 20%, and many companies will see a much greater reduction than that. However, we are a tribal species, and work more effectively in groups, so I think offices will remain of immense importance to us (and in some ways more so), it'll just be a case of quality over quantity.

With the acceleration of disruption to physical retail stores, and with the start

of disruption to the office, investors have started to look elsewhere with the residential sector being a key focus. However, the pandemic has also accelerated one important megatrend in the world of investment – conscience. Many investors now want their money to do more than simply generate a financial return and are turning in increasing numbers to impact investing strategies. Not only do these provide extremely attractive risk-adjusted returns, the demand/supply imbalance is also extremely compelling – on current levels of supply it would take over 20 years to fulfil the current demand for social housing in the UK. That's assuming you could find the land required to build a city the size of Birmingham to accommodate it.

Overall, I don't think the Covid-19 pandemic has been a negative force for our industry. It has encouraged and accelerated change, but that can create great opportunity. Since we stopped hunting and gathering and started settling in communities, real estate has been at the heart of our society. Its purpose is stronger than ever, and its attraction as an income rich asset class remains. We must simply make sure it (and the capital and regulatory systems around it) is adaptable for the inevitable changes of the future. There's also a lot of good to be had from us being reminded of the vulnerability of our species.



## Cross-Sector Thoughts 2020

I never contemplated that in my working career, our employment and livelihood would be affected by a global pandemic on the scale of Covid 19. I started professional life post Cambridge, training as a chartered surveyor with Weatherall Green and Smith (now BNP Paribas) in 22 Chancery Lane in the late 1970s, just as the real estate market was recovering from the effects of a global recession caused by rampant oil prices and inflation. William Maunder Taylor and I started a property finance boutique, Kingfisher Property Finance in 1988, one year before the real estate recession created by profligate bank lending. After 18 happy years I rejoined the partnership of King Sturge in 2009 only for the global financial crisis to occur within a few months of my arrival.

The impact of Covid 19 has been totally different, first in that it was not anticipated and secondly in that its effects and the changes it will bring to our domestic and work lifestyle are yet to be largely felt. I retired from working 9-to-5 five days a week, four years ago, and the work that I now do as a consultant and non-Executive Director is done largely from my desk at home. Having moaned about the pervasive effect of the Internet and digital media, I now know that the Internet and digital media have come to our rescue and allowed a lot of us to continue our activities, albeit on a reduced basis from wherever we might be around the world. My two daughters who work in London escaped before lockdown and lived with my wife and I for three months, I styled myself as their Personal Assistant, was happy to run errands from making teas and coffees, photocopying, making trips to the post office and even venturing into the world of vegetarian cookery where I even surprised myself, albeit after one disastrous Spanish tortilla.

I have said that the effects of the changes that Covid 19 will bring to our domestic and work lives are yet to be felt. The impact of Covid has been cushioned by the government's fiscal policies and as I write this article the government is reducing the benefits of its furlough scheme, trying to encourage employees back to the workplace while at the same time allowing children to



**Dominic Reilly**  
Immediate Past President  
Chair of the CULS Sports & Leisure Forum  
Gonville & Caius (1975-1978)





get back to school. Everyone is nervous and many conversations anticipate a second wave of infections and a subsequent lockdown. If this does happen I would like to think that we will be better prepared than we were back in March.

Going back to my early days at Weatherall Green and Smith, I would never have then contemplated that we would experience two consecutive quarters when rents collected were less than 25% of rents due in some sectors. In the 1970s the relationship between landlord and tenant was very different. Leases were for terms of more than 25 years, obligations on the tenant were drawn on a full repairing and insuring basis, with rent payable quarterly in advance and subject to periodic rent review on an upward only basis. The last 10 years have seen average lease terms reducing and lease terms now tend to be for between five and 10 years, obligations in respect of the property are now more equally shared between landlord and tenant, and I think we will see the end of the upward only rent review. For us to see a return to 100% of

the due quarters rent being collected, the nature of our leases and the relationship between landlords and tenants will have to change and we are seeing this in the way that landlords and tenants are agreeing provisions around the non-payment of rent in the last two quarters.

In the retail sector which was already so ravaged by the effect of Internet commerce, we will see more of a partnership between landlord and tenant, and maybe greater use of the turnover rate mechanism rather than the market rent mechanism.

I doubt that the September quarter day's rent collection will be any better than it was in June, but the hope is we might return to some normality by the end of this year and throughout 2021 particularly if a vaccine turns out to be effective. Whatever, what will change significantly is the way that we occupy our real estate space.

In the world of retail, most high streets remain significantly empty and it is difficult to see a large-scale return of the retailer to our town centres. Town centres will have to be reimagined and repurposed and several real estate

companies and their advisers are beginning to contemplate how this might be done. The hospitality industry has been particularly badly affected, and whilst pubs and restaurants have started operating on a different basis, it is a challenge to anticipate how the hotel and accommodation business will change and recover to occupancy levels of 90%.

Whilst the tumbleweed is not rolling down the streets lined by high-rise offices, quite how high-rise offices are going to work in the next two years will have to be adapted. Several commentators are extolling the benefits of remote and home working, and that has certainly allowed several businesses to keep running even in the severest lockdown. However I attended my first physical meeting in the last two weeks, it was a relief and a joy to meet people face-to-face, and there is no doubt that we all achieved much more from a physical meeting than we would have done by way of a zoom call.

Offices will be reoccupied but used in a different way. Open plan offices with avenues of desks are a thing of the past. The design of offices carried out by the likes of We Work and other co-working companies will influence how offices will be used in the next few years. We know we will need social interaction both for our own health and livelihood but also because it is and will remain the most effective way of carrying out commerce and trade.

The logistics sector is the one sector which has profited from the pandemic. The benefits of e-commerce have not only kept the economy going with a degree of trading but have probably accelerated the movement from the high Street to e-commerce.

The residential sector has been affected by the flight of people away from large urban areas to more rural locations, the suspension of commuting, the need to provide space within houses for working and studying to take place and the requirement to meet social distancing requirements. People and families are now returning to urban locations, but with some trepidation, and suddenly rural life has been better appreciated for the attractions that I have been lucky enough to enjoy.

I hope that the Society will be able to host events which consider the way we repurpose our real estate in response to the pandemic and provoke considered thought and planning in this direction. That will certainly be your committee's intention.



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# Resilience, flexibility and kindness – reflections of a team working together to weather the storm

A lot has been written on the unquestionably troubling negative impacts of the Covid-19 pandemic. As well as the individual human cost, there can be no doubt as to the long-term impact on real estate, alongside the far-reaching economic effects we are beginning to feel.

It's safe to say that Covid-19 has affected us all in a variety of ways and it's easy to lose one's spirit and perhaps focus on the more negative aspects, especially when as a community we're battling an unprecedented and highly unpredictable global crisis.

One thing is clear; the way we live and work has changed forever and some of our deeply rooted dependencies and certainties have been challenged. While this has sometimes been uncomfortable and disruptive, it has provided a unique window through which to view some unanticipated benefits arising through major changes in human behaviour.

The natural world in particular has had some respite. Wildlife is prospering, waterways in Venice are clearer, and there are blue skies over Delhi as NASA satellites show a substantial decrease in air pollution - 20-30% in many cases - in major cities around the world. Whilst applauding this environmental paradigm shift, it's also important to acknowledge how people have adapted, and in some cases flourished, during these testing times.

The Howard Group team has shown quite remarkable resilience, flexibility and kindness, rising to the challenges presented. Momentum has been maintained, we have continued to drive the business forward and I have been hugely impressed by the way in which the team has embraced the challenges we have faced with enormous drive, determination and passion.

I recently invited members of our team to share their reactions and reflections on the lockdown while still fresh in the mind. There has been a wonderful spirit and some of this comes through their viewpoints which I'd like to share with you.

## Forward-thinking

Very few could have predicted, or been able to plan for, the extraordinary times we're currently living in. Virtually overnight, across

our industry and the geographies in which we operate, certain ways of working dissolved. Working hours, travel, the use of technology, and relationship building will all look very different for as long I can foresee. Some of these changes will be welcome and others will be imposed upon us.

For a relatively traditional industry, the property world, in many quarters, has been quick to embrace the required changes and to adapt the way we do business to maintain business-as-unusual!

Across the Howard Group, the day-to-day decisions we make all contribute to a business which is resilient enough to withstand world-changing events. The feeling from the team is that wise and thoughtful decision-making, rigour and interrogation in the past has led to a strong and stable business in the present, citing the ability to secure new occupiers, lease renewals and re-gears agreed in lockdown as being testament to the resilience of our business and an underlying confidence amongst our customers and partners.

How we assess opportunities; seizing those that are aligned with our values, vision and purpose, is seen as a sound approach which is helping us to future-proof the business.

Exploring new HR systems, taking part in online social media training, learning other new skills and recruiting during this turbulence are just a few more examples of how the forward-thinking and inquisitive nature of the team has continued while working from home.

## Enduring relationships

There was an overwhelming sense of positivity and dedication throughout the team. Their ability to deal with fast-changing and

Established in 1935 and with headquarters in the centre of Cambridge, Howard Group is a leading regional property investor and developer. The Group also provides growth capital funding, strategic and management support to mid-sized businesses across a diverse range of sectors.

CEO, Nicholas Bewes joined Howard Group in 1999 and has overall responsibility to the Board and Shareholders for the management of the Howard Group of companies, encompassing Howard Property Group and Howard Capital. Prior to joining Howard Group, Nicholas worked with The BOC Group for ten years, where he held various management positions.

[www.howard-ventures.com](http://www.howard-ventures.com)



Nicholas Bewes,  
CEO, Howard Group

*"Chatting to a solicitor about CPSE's while comforting a weeping child or preparing another's lunch is not something I would ever have considered before. I never thought I'd see the inside of a contractor partner's dining room or a colleague's pink bedroom, or chat with an agent partner about the challenges his wife is facing at work! I know more about virtually everyone I do business with than I used to, and I think that's brilliant."*

Colin Brown, Director – Development, Howard Group

unusual circumstances was mainly attributed to their experience, but it was also directly linked to their relationships with one another.

The 'all in it together' sentiment was felt by all, with some even noting they had created deeper bonds with each other, nurturing these relationships with support, encouragement and an acknowledgment that while we are in the same storm, we may not be in the same boat. One team member said they were hugely thankful for the 'work family' and another recalled the team's humour and togetherness as having been moving and uplifting.

The JLL Property Weekend Challenge was a great illustration of this. We collectively took part in the virtual duathlon along with 800 others from across the property industry which raised a total of £17,500 for two charities, Crisis and LandAid. This was a fantastic industry achievement at a time when these charities are seeing an increased demand for their services in the midst of a global pandemic, and a great example of the team coming together for the greater good.

## Mutual respect

It was notable from the team's reflections that although our business is largely focused upon property and investment, it's so very much about people. The team's care of others, both their own family and friends as well as our suppliers, customers and partners, shines though.

Whether we were home-schooling children, struggling with internet connections or trying to stop the dog from barking on video-calls, these interruptions and competing demands were understood, and goodwill and camaraderie were expanded. We've all become better colleagues and partners because of that.

Our 'Buddy' system was also well received as a way of providing one-to-one additional support but equally, breathing room has been given and appreciated as staff made space during the day for exercise, relaxation and family time.

## Setting the course

I think that it will be only too easy for us to return to a 'new normal', get back into the swing of things and, to some extent, forget about the quite extraordinary events of the past few months.

We have been provided an opportunity to reassess priorities and rediscover what matters most, what drives us and how we can maintain a sustained commitment to reducing social, economic and environmental imbalances in the longer term.

I'm a great believer that adversity fosters creativity, resilience and identity. As a family-owned company, our name and long-

**"From profit to purpose, hierarchies to networks, controlling to empowering, privacy to transparency - as an organisation we were already proactively moving from left to right; Lockdown has definitely accelerated this transformation."**

Huw Jones, Finance Director, Howard Group.

The Works, Unity Campus,  
[www.unitycampus.co.uk](http://www.unitycampus.co.uk)

standing values run through everything we do, especially so during times such as these. These values; honesty, integrity, loyalty, stewardship, sacrificial service, dignity and respect, are at the heart of how we approach our work, relationships and the environment and have been something solid to lean on as we've navigated these choppy waters. This means that everything we do, whether it be developing a forgotten place, backing a technology entrepreneur, or an emphasis on employee wellness, will have positive cultural and community impact at its core.

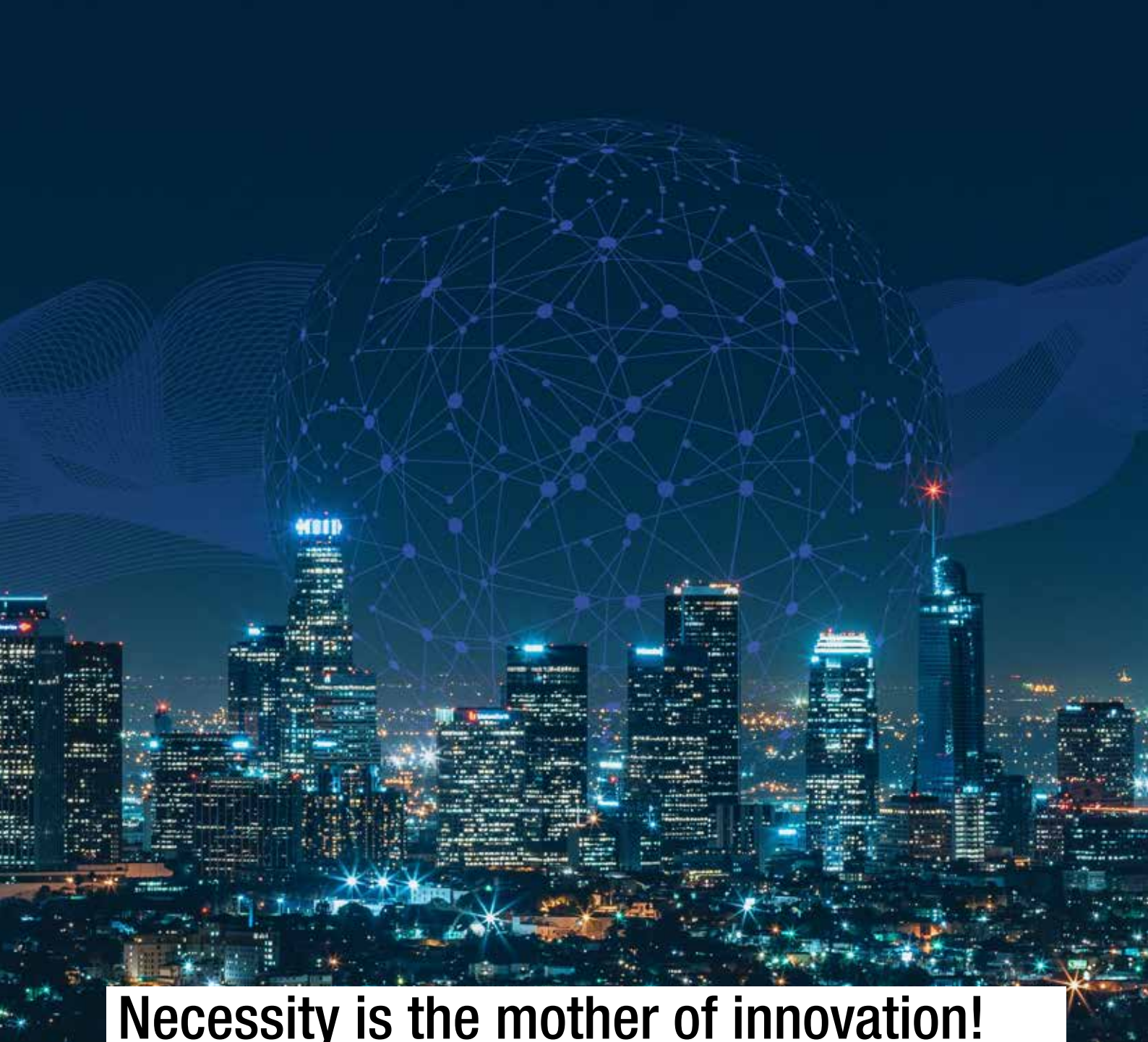
Given the constantly shifting landscape, setting a steady course focused on creating, nurturing and valuing lasting relationships, will create a meaningful impact now and well into the post-COVID future.

Our world is inevitably changed through this experience and I wholeheartedly believe that it is an experience to learn from, rather than brush off once it is over. How we adapt and evolve remains a question for us all to consider; as an industry, as work colleagues, and as human beings.

I would like to thank the Howard Group team for openly sharing their thoughts and experiences with me for this piece. It's a great privilege to be part of this team.







# Necessity is the mother of innovation!

I am pleased to be invited to contribute to the CULS Journal again this year and share my experience from the last 6 months of lockdown following the outbreak of the COVID-19 pandemic – what a difference a year makes! When I wrote my article last year, I shared reflections on the first 10+ years living in London and building the Oxford business in Europe and Asia Pac. We had an unbelievable run following the 2008 GFC up until the 2016 Brexit vote completing more than CA\$10 billion of transactions and generating a return > 20%.

In retrospect, it was both of those events that created “necessity” that led to our success. In the first instance, we took advantage of the shortage of capital in the market coming out of the GFC and the need for newly developed well-located offices in major global cities. We invested in multiple projects at a time when the market was significantly undersupplied.

Wind the clock forward to 2016 and the market felt long into the recovery cycle with prices and look forward returns that did not meet our cost of capital. We were also very concerned that the Brexit vote would lead to uncertainty and were fortunate to have a larger global investable universe that, on the surface, had more certainty. 2016 also marked the beginning of significant growth in shared flexible working platforms that were changing the way office occupiers used traditional premises. From a capital market perspective, historically lower interest rates and volatility in the equity markets continued to drive private market investment activity in these same real estate assets and hence felt like a good to time exit, monetize our investment and recycle that capital into other sectors and geographies.

Our “innovation” from a capital allocation and portfolio diversification strategy was to



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Oxford Properties  
President British Property Federation 2017-2018  
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shift from offices and shopping centres to logistics “sheds” and multi-family rental residential “beds” and continue to rebalance our geo weighting. We were also facing a significant capital deployment challenge over the next several years. Only in February, I vividly remember attending a global Oxford Investment Committee meeting to discuss 2020 objectives and was daunted by the magnitude of the task ahead

it was that same week that I woke up one morning not feeling great and was supposed to be packing for my first trip of the year to Asia – my travels were to take me to Singapore and Hong Kong before Chinese New Year, onto Melbourne and Sydney as Australia was returning from their long Christmas summer holidays and then around the planet to San Francisco to visit my son at university for the weekend and onto Toronto, New York and then back home to London - all over 11 days. I had done that exact trip multiple times over the last several years and always looked forward to it. I sat with my wife Kate on the weekend before as reports of the first cases of COVID-19 were emerging. Singapore as the key travel hub for the region had started to implement testing at Changi Airport for passengers travelling through or disembarking – Kate looked at me and said you have a cold and fever and regardless of whether it is the Coronavirus they are going to take your temperature at the airport and you are going to be quarantined and not able to complete your trip nor be able to come back home – I looked at her and as always acknowledged her wise counsel and decided to cancel the trip. 6+ months later, I am sitting in my home office, where I have spent most of the time during lockdown, writing this article and preparing to go back into my office in the City of London for the first time since early March.

This has been an extraordinary period filled with a mixture of wonderful time with family chance to improve personal fitness and make a big dent in the wine cellar! It has also been filled with the monotony of endless back to back video calls where the most commonly used phrases of 2020 are “can you hear me” and “you are on mute”! Again the “necessity” of all aspects of life having to co-exist has led to great “innovation” in how to balance life’s priorities and maintain perspective and productivity. In reality, as one of my friends aptly put it, for us this has been an inconvenience versus so many in the world who contracted the virus, had to manage through the tragic loss of a loved one, or

work in a one room shared flat in a city with no or limited access to green space or exercise facilities.

That is enough on my personal experience but where to start on the impact that the pandemic has had and will have on our industry and the economy for years to come?

The last decade has seen some of the greatest change and disruption to the traditional way of doing things with resultant winners and losers. Individuals, businesses, industries and nations have been forced to “innovate” or risked being left behind. I recall reading an article at the beginning of the year where despite the huge amount change that has already happened, there was more change forecast to occur in the next decade than the totality of change that has occurred in the history of the world to date! In my view, the pandemic has accelerated the pace of change due to the “necessity” of having to work differently. From technological “innovation” such as video platforms to hopefully a soon-to-be found vaccine and significant advances in life sciences research. Financially, this has been reflected in all-time highs on global stock market indexes as companies in these sectors have attracted massive capital betting on the prospects of further growth. Sadly, the opposite is also the case with traditional industries having to furlough workers, defer capital spending, restructure debt, and hold on for their survival!

In terms of our industry, the lockdown prohibited our customers from using our properties leading to a significant reduction in rent collected, a virtual halt to all but the most critical public infrastructure capital projects and new developments, the lowest leasing volumes in a decade, and the postponement or outright aborting of investment transactions. Much of this was just the practicality of doing business during the lockdown, however it also felt like it reflected the risk in the market. Shopping centres and high street retail have taken a big hit, an uncertain immediate future lies ahead for offices as companies find ways for their teams to work from home for now, if not much longer. Our strategy shift to sheds, beds, life sciences, data centres and other alternatives and investing in the growing countries in the APAC region that are already recovering from the pandemic, had already started before the pandemic and it certainly feels like it was the right thing to do!

The great depression of the 1920’s (100 years ago) took 10 years for its

affects to be fully felt, the GFC of 2008 (12 years ago) took 1 year and the COVID-19 pandemic of 2020, only a few months - the speed of disruption we are experiencing is unprecedented! What started as health crisis has become an economic crisis and, in my view, if it continues much longer risks becoming a financial crisis on the scale of the GFC or worse. I remember spending a lot of time at the BoE Commercial Property Forum then chaired by my friend and now CULS President Ian Marcus in the aftermath of the GFC, debating capital reserves and lending criteria that the UK banks were going to have to adhere in order to withstand another crisis or what was believed at the time to be a “black swan event”! Governments and Central Banks around the world have responded quickly and effectively to mitigate the impact and injected unprecedented amounts of fiscal and monetary stimulus. Should the current trajectory of rent collections continue to see minimal improvement and the inability of governments to backstop businesses forever, the financial system will be tested again

Crisis brings out the best and worst in people. Existing relationships flourish – people do what they can to help their neighbours, friends, families, colleagues, business partners and society as a whole - random acts of kindness abound! Polarisation in society however has been a reality for generations and led to many global conflicts that we hoped were reserved only for the history books. We have witnessed tragic events in recent months that accentuate this fact and we must embrace the opportunity to make positive change, embrace diversity, stop prejudice in society and be more inclusive of all people.

Oxford’s tag line for our upcoming annual conference (virtual this year) is “Reopen, Rebuild, Reconnect”. The world needs optimism and I certainly hope that this autumn brings positive progress on the fight against the virus, ability of the world to recover from the economic impact and goodness in human kind!



A black Eames-style chair is positioned in the foreground, slightly off-center. A white rectangular sign is placed on the chair's seat. The sign contains the text 'THINK OUTSIDE THE BOX' in a bold, blue, sans-serif font, arranged in three lines. The background is a light-colored wall with dark, diagonal shadows cast across it, suggesting a window or light source from the upper left. The overall mood is minimalist and contemplative.

**THINK  
OUTSIDE  
THE BOX**



# Rumours of the death of the office are greatly exaggerated



**Charles Staveley**  
Head of Real Estate Investment  
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**Laura Ludlow**  
Real Estate & Sustainability  
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**R**emember the office? The place we'd rush to in the morning, perhaps enduring a lengthy commute, then sit staring at a screen for 8 hours before an equally unpleasant commute home with hundreds of others all doing the same? Why would we ever go back after the revelation of working from home? Opinion pieces abound at how Covid-19 signals the death of the office but this is to ignore the fundamental benefits it brings. If there's one real estate sector that needs resilience and re-imagination in these challenging times, it is the office. Collaboration between owners and occupiers will be fundamental in re-imagining the office as the workspace of choice for the future.

## What are occupiers looking for?

An organisation's greatest asset is its people. Lockdown has highlighted this, as companies have adapted to working from home with indications that productivity, perhaps surprisingly, has increased. The focus on employee wellbeing began before the pandemic, but has been greatly accelerated by it. We can expect managers to accommodate employees' desire to work flexibly between home and the office whilst balancing the challenges of supervising and mentoring younger staff and their desire for social interaction.

An office is essential for a company to create and instil its culture. Its social capital, built up over years of working together, will soon dissipate if colleagues permanently work remotely. Whilst many laud the virtues of working from home, the sense of collaboration, connectivity and camaraderie from being surrounded by your co-workers cannot be satisfactorily recreated on Zoom. They also miss the equality of the office, where everyone benefits from the same facilities, not the disparities of working from home, where one worker's fully kitted out home office is another's kitchen table and intermittent internet connection.



## What does this mean for owners?

The greatest risk to owners is the likely downsizing by occupiers who realise they can function equally well with a large proportion of their workforce at home whilst reducing costs. In the short term, virus concerns will lead to reduced densification within the office. Spreading employees out and allowing for staggered working means space requirements and therefore lease demises may remain the same. Going forward, how we configure the office space we occupy will change to meet the flexible working patterns of the workforce, and whilst this may see requirements reduce, the fundamentals of an office environment will remain.

More than anything occupiers want flexibility. There has been an increase in tenants looking to renew their current leases as they remain in “wait-and-see” mode whilst the trend towards shorter leases continues (the UK average for offices is 6 years). Occupier demand for fitted offices is increasing, allowing them to make a cost-neutral move on flexible terms. But such flexibility can benefit owners too, allowing them to keep their offering fresh and relevant, with rental increases at each lease renewal.

Fundamentally, an owner that recognises and fulfils its occupiers’ desire for agility and flexibility will thrive.

## How can offices come back stronger and greener?

A healthy building supports the physical, physiological and wellbeing of its occupiers. It is incumbent on owners to adapt and repurpose the space they offer. With many real estate companies making ambitious zero carbon commitments,

owners should not miss the opportunity to capitalise on sustainability awareness that has arisen through lockdown. The financial risks of ignoring sustainability – with investors, occupiers and buyers looking elsewhere – are too costly to overlook.

Occupiers will look for clean air, carefully (and where possible, individually) controlled heating and humidity and an emphasis on natural light and nature. Facilities management should be pro-active and all parties will benefit as energy costs and emissions fall. Embracing technology for smart building monitoring will be key and owners and occupiers must collaborate in sharing data to ensure meaningful results. The augmented workplace, with apps to control the employee experience, is the future.

Owners should repurpose the nature of space offered. Employees need a reason to return to the office, so owners should consider offering more flexible, collaborative and innovative space such as converting floors to provide additional meeting space which can be offered to tenants on demand and at a premium. Owners may also consider diversifying, as the “hub & club” model, with regional hubs to minimise commuting and a “club” space for meetings and collaboration in the city centre.

The vital role that offices play in creating and reinforcing an organisation’s culture and community is more essential than ever following the Covid-19 pandemic. Employee health and wellbeing is in the spotlight and improved sustainability provides a complementary solution. Owners and occupiers can work together to provide a dynamic and flexible workspace, where employees feel safe and happy to work enabling their companies to flourish. The Covid-19 crisis is not the end of the office, it’s a new beginning.

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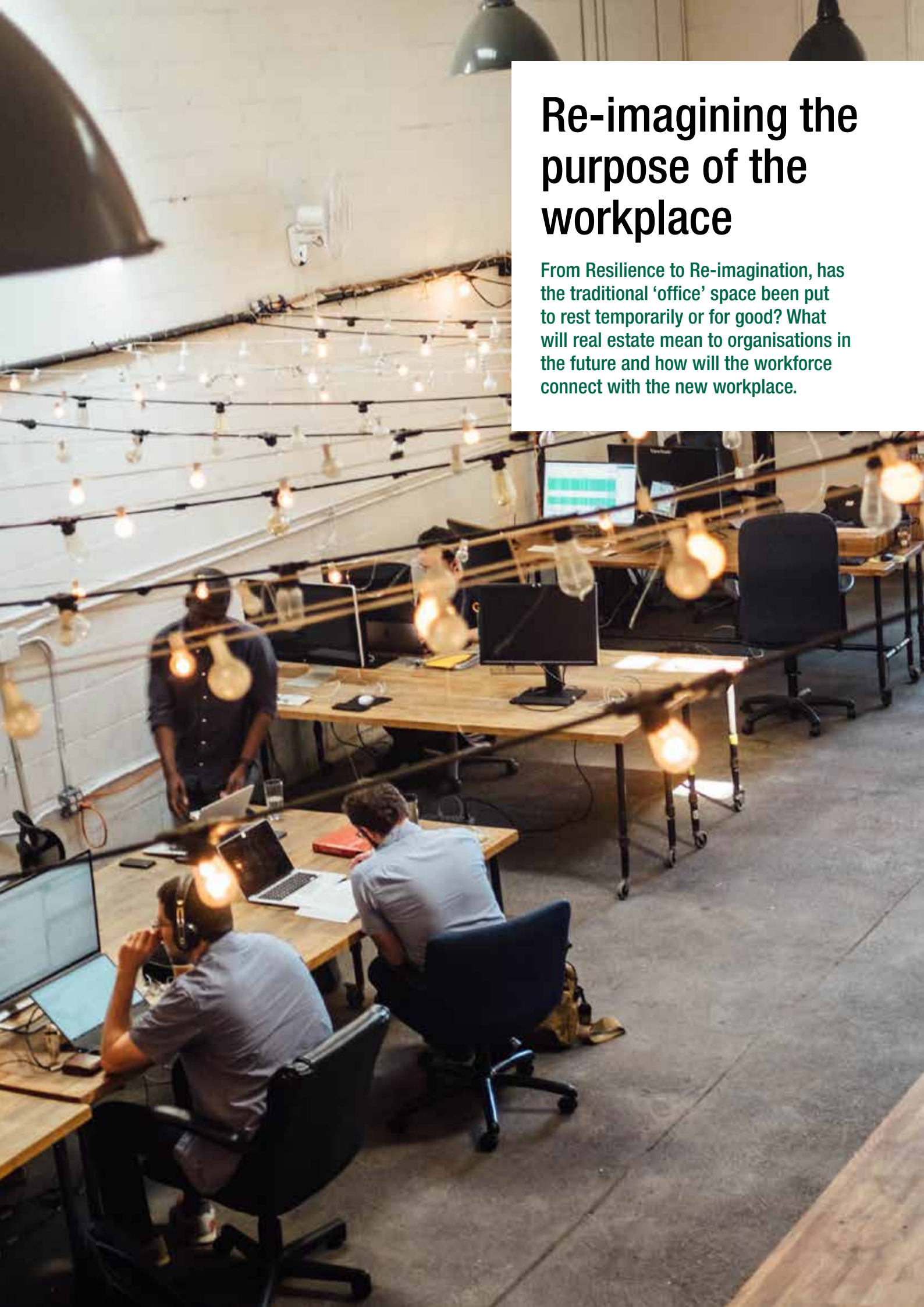
## Specialist legal advisors on the future of the built environment

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# Re-imagining the purpose of the workplace

From Resilience to Re-imagination, has the traditional 'office' space been put to rest temporarily or for good? What will real estate mean to organisations in the future and how will the workforce connect with the new workplace.





## Section 1: How has Remote working actually happened – real perspectives and views from our survey data and ourselves

The ‘office’ as we know it today has existed for over 100 years; it is a model that has shaped our cities, seen skyscrapers define our skylines and created the world of the daily commuter. It has been the place where work is done.

However, the COVID-19 pandemic forced governments to impose lockdown measures, which meant that organisations across the globe have had to move to a working from home model, making lockdown the world’s largest ever remote working pilot.

So what has this pilot shown? It has dispelled many of the myths around the productivity and popularity of remote working and has shown that we do not need to be in the office to “work”.

A Deloitte survey conducted in the early months of the UK’s COVID-19 lockdown showed that working from home was popular with employees and they felt as or more productive than working in the office, a sentiment supported by multiple surveys since. The main reasons cited for the positive response centred around the benefit of not having a daily commute, allowing more flexibility and spending more time with the family\*.

## Section 2: what is the reality around remote working and is it truly fit for purpose or a long term option. Organisations across the world are now at a tipping point on how they proceed in defining the next phase of working and workplace;

COVID-19 has accelerated the trend towards flexibility in where and how people work, a move away from the traditional 9-5 working day and a focus on improving work-life balance. All these factors had previously been somewhat hindered by a culture known as ‘presenteeism’ - to be present in a physical office surrounded by your colleague, and more importantly within the visibility of your bosses, but not necessarily being productive.

Whilst the rapid move to remote working has created this break from presentism, it is not without its

challenges. Deloitte research\* conducted in the US highlighted that whilst the ability to work from home was done with speed, it is not a long term sustainable solution for the majority of respondents and the cracks in the various makeshift home working set-ups are starting to show. We have become all too familiar with video conferencing fatigue, longer hours online and encroachment of our personal physical spaces. These are just some of the factors that are beginning to put a strain on wellbeing. In addition, some organisations are struggling to create meaningful platforms and spaces for people to collaborate and be social with peers as well as clients and customers.

Whilst the world is not yet past the pandemic, organisations are beginning to think about how they will operate when the threat recedes (and most organisations we speak to assume that at some stage the threat will recede) and a New Normal emerges.

We have seen some companies announce that they intend to stay remote permanently. These have often come from the technology sector where remote working is supported with collaborative technologies and where talent is often scarce, so being able to source this from anywhere is attractive. We have seen some organisations, including some in the property sector, look to actively encourage teams back into the office on a rotating basis, with a view to returning to pre-Covid ways of working as and when the social distancing rules are relaxed.

However, many more organisations are looking to adopt a hybrid-model, which retains a traditional office presence, whilst embedding the benefits experienced by staff during lockdown through greater use of remote working.

In this model, the office will be a place that will foster innovation, collaboration, new ways of working and a place to strengthen the corporate culture and connection. However, it also needs to reflect the diversity of the workforce and provide traditional workspaces for those who do not have adequate facilities at home to allow them to work effectively or find remote working adversely affects their well-being.

However, moving to this model is not without its challenges. These include:

- How do you drive inclusivity and productivity when teams are split between the office and a remote location?
- How do you manage who comes into the office and when? Is it an employee’s choice or will access be managed?

- How quickly can you resize the footprint given the potentially significant costs of exiting leases early?
- How quickly can you integrate your technology landscape to enable more seamless connections (regardless of location) as well as create access to the types of data needed to run hybrid organisations

## Section 3: How do you start on the journey, looking at the future across work, workforce and workplace?

The journey to re-imagining the future workplace is complex and requires organisations to look beyond the answering questions around real estate and to define the future of work, workforce and workplace. This redefinition will inform key strategic initiatives around rethinking digitising client interactions, technology upgrades and reimagining talent models to support new ways and new places of work. Furthermore, the economic climate will continue to impact the decisions organisations make and in the midst of potential disruption in our economies, organisations will need to get the right prioritisation and investments in place to take them into the next chapter of the ‘office’.



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Director, Real Estate Consulting  
Deloitte's Real Estate



**Davinder Kang**  
Senior Manager, Workforce transformation  
Deloitte's Human Capital

# Workplace 2.0

In a time of pandemic, as with most crises, you have to learn on the spot. Very early on, I was reminded of the power of clear messaging and collective discussion.

For all businesses, as lockdown arrived, homeworking and communication became the issue. As part of a global organisation with over 200,000 employees homeworking was reminiscent of a military campaign -remote working software licenses, equipment, seating and importantly bandwidth needed quick fixes. Communication apps such as Turtl became a vital part of creating “how to” handbooks, Webex, Zoom or Teams became essential for virtual meetings, vlogs created a means of messaging on a more personal level. A huge task for our central functions teams whose diligence meant the office became a memory and home the new workplace.

One of my roles during lockdown was working with industry groups in an impressive co-operation. From the outset weekly meetings sharing workplace management experiences created an important mouthpiece back to policymakers. What was of obvious concern was the near closure of markets due to the inability to carry out on-site due diligence- inspections, viewings, building surveys and keeping construction going. This impacted on transaction markets which are a life blood for many in our industry. The other crisis point was a meltdown in retail and hospitality markets and an urgent need for impact measurement to provide real information to the authorities. Collectively with the RICS, BPF and PIA, we managed both.

We did not have industry benchmarks for rent collection but with Remit Consulting we created one collecting data by sector and region for well over 50% of the market. This has proved invaluable at policy making levels. Through the RICS, we launched guidance notes to open up due diligence and inspections

in residential and commercial markets.

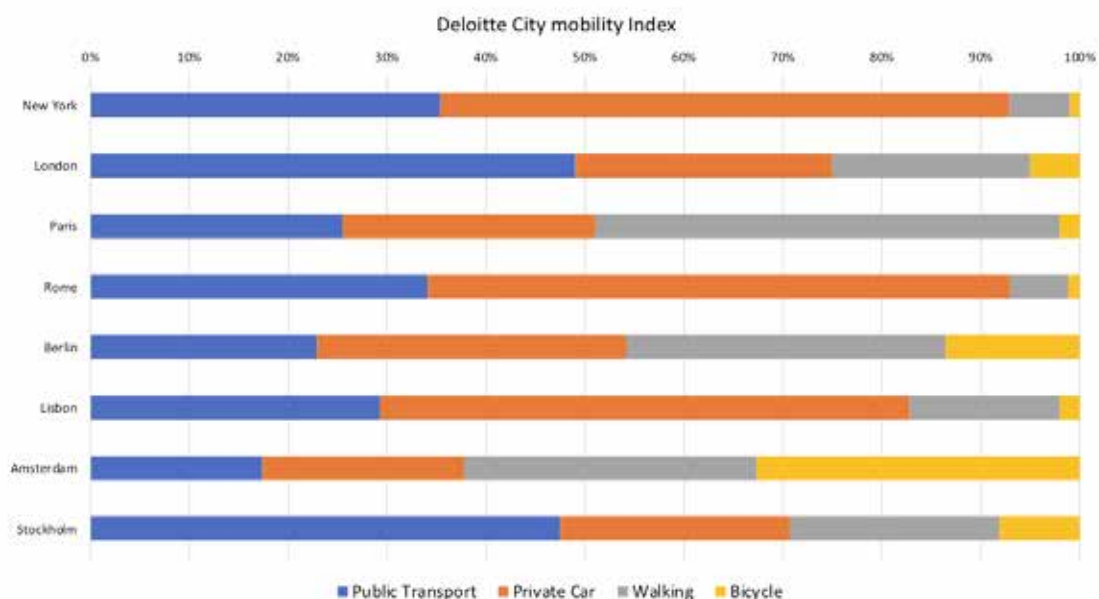
Residential has seen volumes rebound and for commercial these actions have paved the way to the gradual lifting of materiality clauses, a big concern to lenders.

That was Phase One. Now we are focused on return to work. A very real issue is the safety concerns of using public transport. Recently, one leading investor has said staff using public transport will not be able to return to the office for 14 days. The various mobility surveys available are enlightening. This, from Deloitte, is an example.

Good public infrastructure has historically been a measure of great cities and high public transport usage a measure of green credentials. Now it could be an Achilles heel. London has one of the highest mobility indices of any major city in the world. Over 50% rely on public transit for mobility, which is nearly 4 million people. Clearly with social distancing that is a problem not least because return to work requires return to school and public transport is also part of school transport. So, we have a dilemma which at the time of writing is still awaiting a solution.

Even more crucially, Phase Two is determining how we work in the future. This is now the subject of numerous articles and new workplace surveys indicate preferences. Of course, it is too early to say, but understanding behaviours is key.

As always, a key issue facing employers is the war for talent. Talent tends to dictate how, where and when it wants to work, and this will increasingly inform the debate. Cities have been attractive for the whole holistic offering of community, culture, convenience and congregation. What has become clear in the first experiences of a new world of work is the emphasis on wellbeing. A trend





which with climate change was already moving to the top of the agenda. It's not that homeworking was not already part of the mix as demonstrated by the 2019 ONS survey. (Below)

Gensler's workplace survey indicates that whilst 70% of people see the office as their principal place of work, most want the flexibility to work one or two days from home. Judging from my discussions with industry leaders, many functions, particularly repetitive ones may see homeworking as a preferred option.

Technology will help this trend but whether, in Joseph Schumpeter's terms, it forms the "creative destruction" of the office as a workplace, I have my doubts. We have to remember none of this would be possible without mobile communications and broadband- 5G will take this another leap forward. Even now, not everybody has a good signal and those without are disadvantaged.

Despite the proclamations from business leaders of not returning to the office, I think it is too early to conclude and cities remain the foundation of society. According to the Economist, the largest 300 metropolitan areas generate around 50% of global GDP and the majority of its growth.

As a developer as well as an advisor (we are currently developing our new headquarters in Paris), the technological solutions of a future office environment are a focus. In response, we have created a laboratory with professional contributions from all aspects of the design environment. We have seen technology mapping space to help in realigning workstations and circulation hotspots, building function controls with touchless technology, air circulation utilising UVC and controlled with sensors responding to

occupational density and greater use of open stairs. Management of spaces through booking apps and cleaning is part of this new order.

Recent studies and surveys clearly define the primary purpose of the office as space for collective thinking, the spark from unintended encounters, training and wellbeing through human interaction. This demands a greater allocation for meeting space, quiet rooms and a reverse in occupational densities. Studies sensitising density and homeworking variables suggest this realignment of space will go a long way to compensate for a more mobile population not using the space as frequently.

There is a whole new industry that will be reinventing the way we work, live and play. If you want to see what technology is coming your way take a look here <https://atelier.net/strativerse/?pg=about>. I don't think we are witnessing the death of the office mostly, just an acceleration of advancements and evolutions that were happening anyway. We might leap five years in five months, but ultimately, I do think the human factor and social interaction will be a prevailing determinant of our lives.

I was taken by this quote from Genesis, The Deep Origin of Societies by Edward O. Wilson. He finishes his short book with the sentence "In short, longer social interaction is a key component in the evolution of a larger brain and high intelligence". As human beings we have always thrived in company. We like being with other people, we tend to work better and more productively in a more social environment. I don't think that is going to change, I just think the options for where we do it just got bigger.



**Andy Martin**  
Bureau exécutif du Président - International  
Business Development Executive  
BNP Paribas Real Estate

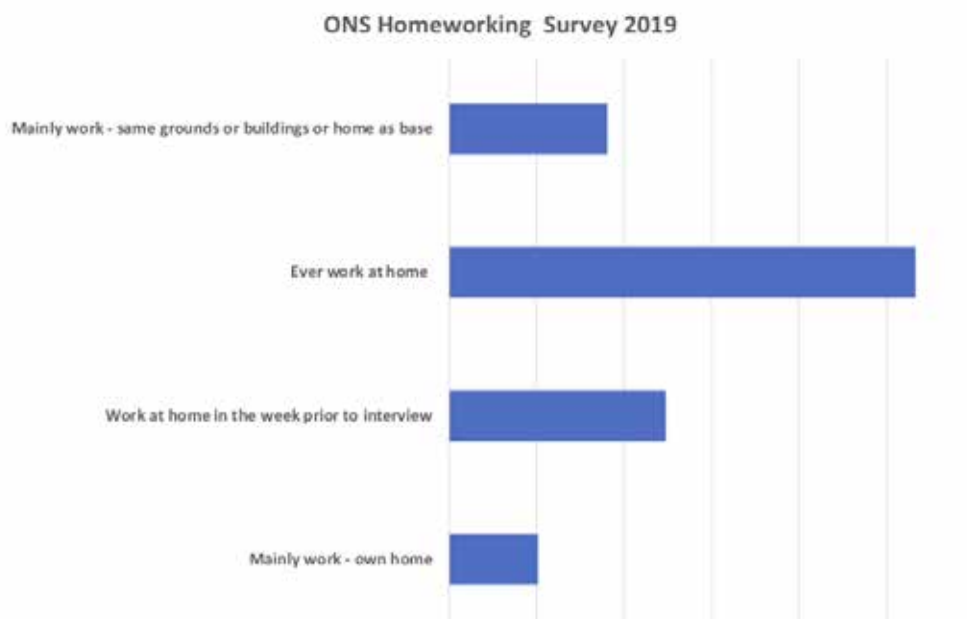




Figure 1. Illustration of Action Office, the first modular furniture system designed by Robert Propst in 1964 for Herman Miller.

# From Boardroom, To Living Room... Now What?

## Designing for the workplace of the future

### Nine to Five No More: From Flexible Furniture to Flexible Hours

**T**he design of the workplaces is, in many ways, simply a direct manifestation of how people operate. As such, offices have evolved over time as a response to socio-economics, cultural conditions and technological advancements. The sudden shift to remote working, triggered by the ongoing Covid-19 crisis, has brought forward a new set of considerations that requires us to, yet again, re-think the future of work. Caught in a plot twist, the time is ripe to reflect on the state of the contemporary workplace and speculate on its possible futures. The design of the office has long been tied to contemporary notions of productivity and user preferences. From the factory-like open plans of the early 20th century rooted in the principles of Taylorism and industrial efficiency, to the organic integration of plants and furniture in the 60s based on the ideology of Bürolandschaft (loosely translated into Office Landscape), to the modular office cubicles of the 80s in response to the rise of white-collars, to the flexible floorplans of today for the increasingly mobile

workforce who emphasizes interaction and collaboration, the workplace is constantly re-inventing itself. Prior to the pandemic, we were arguably in the midst of a 'co-working revolution' underpinned not only by technological advancements and the rise of the creative class, but also by a strong competition among companies and cities to capture and retain skilled labour. As a result, flexible amenity-rich environments that catered to the needs of the tech-savvy workforce became the norm in both suburban and urban locations. Along with the strong emphasis on amenities came an ever-increasing belief that when it comes to instigating productivity, one size does not fit all. Based on this idea, the workplace has increasingly been designed to provide a variety of environments, big and small, casual and formal, for employees to choose to work in. For those working in these 'new age' offices, it meant they could move freely and fluidly from desks, to sofas, to boardrooms based on their tasks at hand and their preferences of the day. No doubt, this type of spatial organization has provided the workforce with the luxury of choice. However, the promise of the tailor-made office experience ended abruptly when Covid-19 forced everyone out of their office and into their



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Managing Director, Kasawoo  
Homerton College



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Visiting Senior Fellow, LSE Cities

living room. This seismic shift in work practice conventions has unveiled a new type of flexibility, one that evolves less around movable furniture and unlimited snacks, and more around the notion of time. In many ways, the nine to five routine has been unshackled, for the better or for the worst.

### The over-romanticized Kitchen Table

The emergence of Covid-19 can be understood as a fast-tracked empirical experiment testing many of our collective assumptions surrounding workplace design and productivity. A few months into lockdown, it has become rather clear that certain tasks, such as individual work that requires total concentration, can indeed be executed remotely with more focus and less distractions. The effectiveness of



working remotely has reinvigorated the age-old debate around the benefits of flexible working arrangements. Suddenly, relieved from the much-dreaded morning routines and daily commutes, many have discovered a new-found appreciation for the efficiencies afforded from the total integration of 'working' and 'living'. With our beds (or our kitchens) a stone's throw away from our workstations, the boundaries between 'working' and 'living', both physical and metaphorically, have never been as intricately intertwined. Though, we must remind ourselves that what we are experiencing so far is far from a 'marriage for love' scenario, but rather a 'marriage of convenience' situation. Have we over-romanticized the idea of working from our kitchen table? And how sustainable is this arrangement in the long-term? In this new-found workplace reality, one can argue that psychological boundaries and spatial separations between 'working' and 'living' are more important than ever as a means of ensuring long-term productivity and well-being. Otherwise, there is no guarantee that we won't fall into the trap of living like overworked sailors stranded on a galley slaving across the ocean with no sight of land. In addition, let's not forget that human beings are prosocial in nature and crave societal interactions. Even with the technology available today, collaborative and team tasks continue to make more sense in person. Thus, while social distancing may become part of our new normal, the value of collaboration and human interaction will continue to remain enormous. Online encounters and Zoom drinks may be keeping us alive as social beings for now, but chance encounters and unexpected spillovers can only happen in person. The work-life conundrum therefore becomes a question of how to strike a harmonious balance between a place for work and a place for refuge.

## Workplace Revolution 2.0: Livable City Centers and Workable Neighbourhoods

The challenges of work-life divide can be seen as a unique design opportunity to instigate new approaches to knowledge exchange and agglomerative activities. Moving forward, the need for diverse experiences will continue to be in high demand and the limited bounds of most urban homes suggest that offices will continue to play an important role in our future economy. From a space planning



Figure 2. Cartoon by David Sipress, published in New Yorker, May 8th 2017.

perspective, perhaps the practical need for hot desks and modular pods will diminish as work that requires total focus can now be executed from the comfort of one's home. Having said that, the need for collaboration and social interaction among co-workers will continue to be vital and will likely drive the next phase of workplace revolution. The question thus becomes not 'if' offices will exist in the future but rather 'where' they are going to be located and in 'what' form. Traditionally, the demand for commercial real estate is often structured around the locales and business cycles of industry clusters. However, the decreasing appetite for mass transit and public gatherings has destabilized this status quo, resulting in an increasing importance in workplace proximity and accessibility. As businesses scale back on their physical presence in urban hubs and the need for highly centralized workplaces diminishes, the desire for people to work close to home may become the new economic force that drives the demand for offices away from urban centers and into local neighborhoods. In many ways, the divide between the residential sectors and the commercial sectors of real estate as we know it may become increasingly intertwined and hybridized. The notion of 'productive neighborhoods' and 'local hubs' may very well be the new buzzwords that drive the next workplace revolution forward. If proven successful, this new decentralized workplace paradigm has the potential to foster stronger and more inclusive communities that inspire people to work smarter, more freely and more efficiently in the long-term.

## Some Final Thoughts

The intent of this article is not to propose definitive solutions. Rather, it aims to frame the challenges and

opportunities in workspace design moving forward. The reality is that we went from 'working from anywhere' to 'working from home' rather quickly overnight. It is still too early to know what the lasting impacts will be on the structure of our daily habits, the design of our workplace and the future of our cities. We certainly do not have all the answers. We do, however, have some questions to put forward. When we do finally make changes to the workplace, can we do it in a way to help make our cities more inclusive, sustainable and livable? Moving forward, are we going to see a more decentralized, neighbourhood-focused model of office development? How will that impact existing neighbourhoods and communities? While the distinction between 'home' and 'office' is becoming increasingly muddled, our collective experience so far suggests that a total collapse of these two spaces is equally problematic. Thus, while the nature of work may change, places for gathering, learning, collaborating and socializing will continue to be important. Between the residential neighbourhoods and the central business districts lies an opportunity to imagine a new type of mixed used environment. One that responds both to our desire for a shorter commute and our need for sociability and collaboration. The new workplace will be neither our home, nor our office. It will be a new in-between that, in its best version, allows us to reclaim the eight-hour workday while maintaining our work-life sanity.



## Stop the Press...

### A personal perspective on providing thought leadership during a pandemic

When you edit an annual magazine like *The Wealth Report* that has to go to press at least a month before its publication date you are always a hostage to fortune.

**T**he interregnum once you've hit the print button is spent praying that some cataclysmic, political or economic event won't overtake your carefully constructed narrative and render your meticulously curated insight out of date before it even reaches the reader.

And that was indeed the sinking feeling that hit me when Covid-19 started to make its way around the globe earlier this year. By the time *The Wealth Report* launched in the first week of March, it was clear that the virus was going to be the defining issue of 2020.

Had we mentioned the potential impact of a global pandemic on property markets in the report? Sadly not. While the warning signs were there in China, we realised too late that the entire world was going to be held hostage by a virus for months on end.

So, was it all a wasted effort? Did we rush to pulp our now worthless report? Actually no. Our global campaign of launch events was, of course, cut short, but, in a way, Covid-19 has only enhanced the main themes and findings of this year's report.

By luck or good judgement (as editor I'm claiming the latter), we had settled on the theme of "Wellness" for the 2020 edition. Not wellness in the fluffy-towels-and-colonic-cleansing kind of way, but a more in-depth look at how our client's desire to live healthier lives and look after the planet is affecting every area of their lives, from where they live, to how they invest and how they travel.

Some of the big commercial property trends highlighted by my colleagues in the report, including ESG investing and the changing workplace environment – aka WFH – were happening anyway, but have all been turbo-charged by Covid-19.

While the property press has been full of the virus-driven stampede to find homes more conducive to their occupants' wellbeing, this shift has also been in action for some time.

Our Annual Attitudes Survey revealed, for example, that access to green space was already becoming more important to the UK's UHNWI property seekers, according to 60% of respondents. In Asia, how the design of a building contributes to physical and mental wellbeing was a rising priority, said a similar proportion.

Strikingly, 80% of the survey's respondents (over 600 of the world's leading private bankers and wealth advisors) said their



wealthy clients were spending more time and money on their personal wellness. More intriguingly, 63% said their clients' wellness was becoming a more important part of their relationship with them.

And while some commentators are already claiming that Covid could spell the death knell of the city, we believe it will simply hasten the way urban hubs reinvent themselves. The inaugural instalment of our City Wellness Index, launched in the report, presciently highlights those cities that are focusing on quality of life to attract the top talent.

It will take longer though to confirm if some of the other predictions in the report remain valid.

Our wealth-sizing model forecasts a rise of 27% in the global number of UHNWs – those worth more than \$30 million – over the next five years. It would be easy to say that is overly optimistic, but it takes a lot to hold wealth creators down, as their rapid bounce back after the 2008 recession shows.

Likewise, it would be easy to be gloomy about the outlook for property prices, but those who were originally pessimistic about the post-lockdown performance prospects in 2020 are already softening their outlook.

The London market is certainly more buoyant now, although certain areas are bouncing back better than others. Leafier boroughs with more space are currently proving more attractive than higher density areas like Mayfair and Knightsbridge, but that could all change when the overseas buyers who favour those parts of town return when travel restrictions are eased.

Internationally, rural French markets like Provence are booming, driven largely by domestic buyers, Spain less so. However, 2021 is likely to be the real test of property markets as the true costs of the pandemic emerge as government support packages wind down.

Naturally, how we communicate with our clients has changed during the pandemic - thought leadership is now all about webinars, podcasts and incisive news updates that cut through the noise. But showing that we understand our clients' wider aspirations and lifestyles has never been more crucial.

As my team and I sit down together (electronically if not always in body) to plan the next edition of The Wealth Report, the unknowns we have to navigate mount. Will there be a viable Covid vaccine before we go to print? Will we have a decisive outcome to the US



**Andrew Shirley**  
The Wealth Report Editor  
Knight Frank

Presidential election in time? Will the UK and the EU have thrashed out a trade deal or somehow managed to kick the can further down the road?

The only certainty seems to be more uncertainty. That's one prediction as an editor I know I can always fall back on and not be proved wrong.

**The Wealth Report is Knight Frank's annual thought-leadership publication that looks at the big issues affecting the firm's UHNWI clients around the world and their advisors**



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# Living at Work

Looking to the future, we are in a world that has experienced two major economic crises just over a decade apart from each other – the Global Financial Crisis (GFC) of 2008/2009, and the Pandemic crisis, which is still on-going. Both of which one would previously have described as ‘once in a lifetime’ events. The impact of having two very deep downturns relatively close together will be significant, as the world had not actually fully recovered from the GFC. The ECB went into this downturn already printing money.

As a result, in the 2020s economics students will marvel at the concept that interest rates were once 5% pre-GFC, in the same way students back in the 2000s were surprised to learn that double digit rates had once been common in advanced economies. Many central banks today cannot even get inflation to target, and the great threat is protracted deflation. Zero interest rate policy is here to stay for years to come, and the property market will adapt to single digit yields being the norm.

While we would expect property yields to soften in 2020/2021, it will not be to the levels seen in 2008/2009. This is not because the situation is less acute today – it is arguably worse – this is simply a reflection of a completely changed rate environment.

Anyone looking at the City of London office market and thinking: “I’ll buy



when yields clear 7.0% because that was the peak in 2009”, will miss the turning point in our opinion. It may seem strange to hear the experience of the last downturn dismissed as a guide to tackling this recession. However, we believe the Pandemic crisis is unlikely to resemble the GFC – it will have its own unique landscape. In 2009, 10 year Gilt yields ranged between 3% to 4%, yet they are close to zero. The whole rate environment has taken a step change downwards by 300 to 400 bps, and property benchmarks should be assumed to have done the same.

A sector of property which has significant change ahead is offices. Talk of a complete ‘death of the office’ is in our opinion largely sensationalism. Most firms planning to introduce flexible working are thinking of staff spending three or four days a week in the office, perhaps partly in satellite workplaces

located in the suburbs or the larger regional towns. The world will though need less office space in the future. Consequently, we believe in ten year’s time there will be no such thing as an ‘office building’, they will have evolved into ‘multi-use buildings’.

The typical CBD building by 2030 will consist of a podium building that is ‘commercial use’, with a mix of leisure and retail premises on the lower floors, giving way to office space on upper floors. Almost every building will have a serviced office provider offering swing space to tenants. Above the podium building will be a slimmer tower consisting of ‘beds use’, probably a mix of hotel, micro flats, PRS or shared living.

The net result will be to reduce risk for these former-office buildings by shrinking the exposure to any single property sub-sector. In that respect, rather than seeing the ‘death of the





office' it is perhaps set to evolve into a more stable long-term investment. A similar mixing up of the uses will occur in some shopping malls, and light industrial parks.

Having studied history, and having even been recommended by my alma mater back in March to read John M. Barry's meticulously researched 'The Great Influenza', I had not envisaged what would transpire, and certainly did not anticipate the extent of it; but to misquote a proverb, "being wrong is acceptable, staying wrong is inexcusable". The utilization of the built environment is going to change irredeemably; quite how, is anyone's guess. Presently, there are mixed messages: from the death of the office to the need for larger ones; the move from high amenity urban towers to sterile business parks; and from city centre living to suburbia; and even from single room apartments to larger homes

but on the same budget. Much of this is counterintuitive and I think it will take the real estate community time to recalibrate space utilization and investment decisions. On a personal note, having begun my career in a very ornate, but spiritless and conventional office building, I have experienced the transformation of the modern "social" office, but real estate goes well beyond where we spent much of our day working. It is now about how we spend every day of the week, as the home and work environments have coalesced. There's no doubt the impact of the pandemic has and will continue to wreak both personal and professional loss, the world we inhabit when we are able to look back in the rear view mirror is going to look irrevocably different, not necessarily because the skyline has changed, but because our attitude towards it has.



**Jonathan Jay**  
Partner  
ConduitRE



## Interesting times

**“May you live in interesting times”. While its provenance and age are debatable, the meaning of ‘interesting’ in this saying is unmistakable, and it is decidedly not ‘fun’. Few would argue that the current times are not ‘interesting’. And yet, just as this is not the first occasion that this curse seemed applicable to the events in human history, some patterns are painfully familiar.**

**T**hese patterns stem from the fact we live in a practically closed system.

Save incoming sunlight, and an occasional meteor, this planet, such as it is, is all we have. “The only home we’ve ever known”, Sagan said.

A disturbance in one part of the system, however small it initially may seem, can seriously disbalance the whole. Right now, humans are in the midst of an acute physical and spiritual well-being crisis, overshadowed by the potentially apocalyptic long-term disbalance in the planetary climate. There is no such thing as a genuinely prosperous economy within an unhealthy society. Most businesses are consequently not faring well.

We can take heart from the fact that this system of ours, time and again, rebalances itself. Through revolutions,

financial crashes, contagions, volcano eruptions, wars, fires and floods alike, the social, economic and environmental fabric of the one celestial body that we know can support human life got rewoven. Will it manage again, or have we pushed too far this ‘interesting’ time? Perhaps.

Truthfully, no one knows for certain. What we do know is that inaction doesn’t make the problem go away. Our damaged system needs to evolve to a new equilibrium. We need to innovate and adapt to become resilient, fast. We all recognise this.

However, not every innovation is successful. The rate of failure of start-up and new products, said Dr Clayton Christensen, is 95% (<https://hbs.me/2E8xQkE>). Very often, this is because they’re offering

a ‘solution’ to the problem that doesn’t exist. In the current pandemic, people’s behaviour has changed radically. Of course, it did - there’s a deadly virus in the air.

On the back of this, various prognostications now proclaim the end of offices, shops and towns themselves. Everyone will move to a cottage with a garden full of flowers, in a picturesque village, work remotely, and would not want to set foot in the big bad city again. One small issue - there are not enough cottages for 7.8bn of us. Thankfully, it’s unlikely to come to that.

Cities far predate corporate skyscrapers. Our species is a social one, aggregating in large settlements for thousands of years. People move to cities not only for employment opportunities but for cultural, educational and medical services. The lifestyle, if you will, and social net(work). The trend of the past hundred years shows more than doubling in the percentage of the urban population. Can one viral pandemic change human nature so radically as to reverse this trend? Black death didn’t, as the study by Washington and George Mason Universities shows.



**Aleksandra (Sasha) Njagulj**  
Global Head of ESG  
CBRE Global Investors

(<https://voxeu.org/article/how-black-death-changed-europes-cities>).

People don’t change (that much), especially not en masse. So the city is very likely not dead. And, offices, restaurants, shops, bars and theatres will still exist in 2021 and beyond. But not all. We are going through an evolutionary event, and we know that mercy doesn’t feature. Those that adapt best and fastest shall survive.

The real estate industry is not known for speed and scale of innovation. It is thus throughout a building’s life-cycle. When compared with the rate of innovation in computer technology, the difference is stark. Good news is, the two are finally successfully merging.

We are finally at the point



when smart office systems do work and make the physical space multifunctional and adaptable. The building management systems don't quite require a PhD in programming to operate. And the smart homes are (nearly) not more hassle than help.

In Europe, we are surrounded by the built environment made for a different age, sometimes hundreds of years past. Our cities are full of edifices bearing emotional and cultural value beyond measure, and they are here to stay. We cannot build ourselves new out of either the acute or the chronic challenges of COVID-19 pandemic and climate change. The solution is primarily for operators, not builders, to find. And this time, they are more of software, not hardware type.

These innovations must not fail. They have to propose solutions to the actual problem. They have to always be in tune with human nature. They have to make it easy and attractive to work in an office and fun to go shopping in real life.

We have to be realistic. The only true solution to the current health crisis is medicinal. UV sterilised ventilation systems, gaps between office desks and restaurant tables, one-way passageways can not and will not solve COVID-19. They keep us only just treading water while we wait. Our cities, businesses and society will snap back in an evolved form, once the times are not quite so 'interesting'. It is for these post-crisis times we should be planning and working now, and take the opportunity to tackle the big problem. Once climate change hits proper, no amount of N95 masks or hand sterilisers on every wall will keep us above the waterline. The solution to that one is on us

# CULS & Savills co-host an exciting new series of webinars on ESG

**As we regroup and adjust to our new normal, many of us are giving considerable amounts of thought to how we may adapt and build greater resilience in our communities and in our approach to our work, family life and leisure.**

CULS are delighted to launch a thought-provoking series of interactive panel discussions focussed on ESG (Environmental, Social and Governance) objectives. We look forward to hosting experienced and passionate leaders from across the built environment sector to discuss and share their insights on how they see ESG objectives evolve and become embedded in their organisations and what they view as being their main hurdles in that process. We hope to see many of our members and guests join us online to listen to our excellent line-up of speakers and to participate in the live Q&A sessions.

Our first event in the series is titled ***The Impact of Covid on our ESG Objectives – New Opportunities and Challenges***. The pandemic has focussed our attention on the inextricable and systemic links between health, economics and ecosystems. Our panellists will discuss how their organisations have responded and what they predict is in store for their sectors over the coming months.

Following our first event, we have an exciting line-up of ESG-themed topics to follow over the coming months. Topics include:

***Are vertical farming and re-wilding worthwhile investment opportunities? What are the legal considerations?*** Chaired by Savills Head of Rural Research, join us to listen to an engaging investment thesis and insights shared by our expert panellists.

## ***Green finance- hype or reality?***

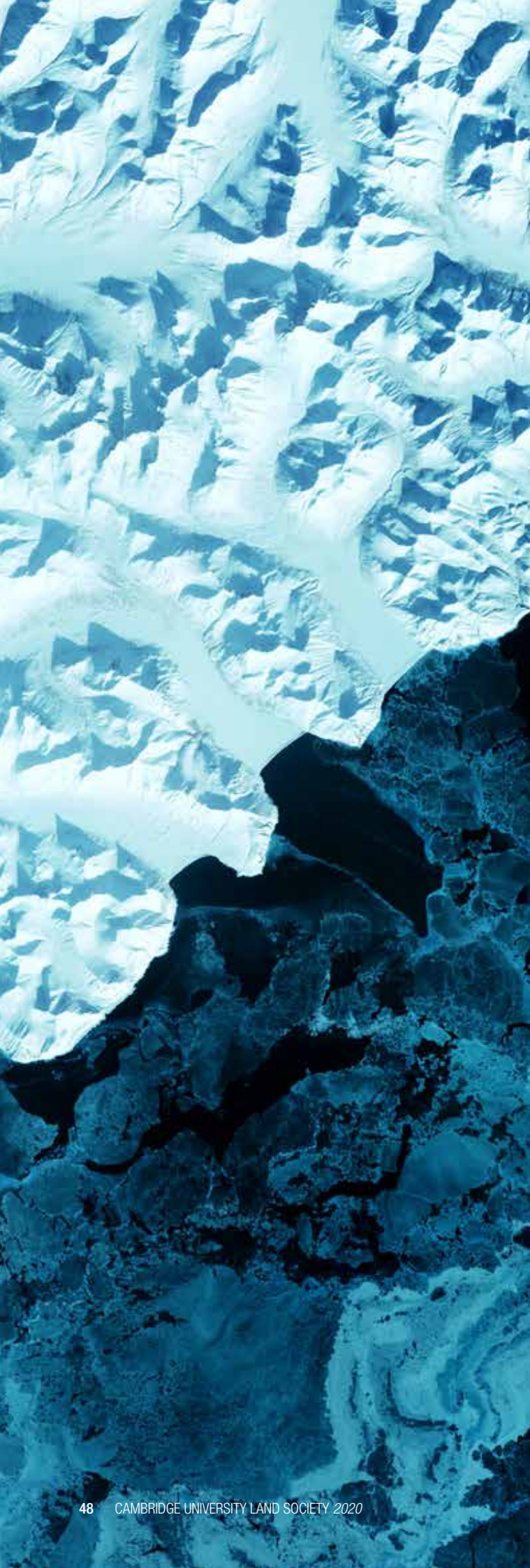
Join us to hear from senior industry leaders representing a major asset manager, a pension fund and an insurer, chaired by our CULS President, Ian Marcus.

***Targetting 1.5 Degrees C – is climate risk equivalent to investment risk?*** Debate between senior policy makers and an academic expert.

***Well-being, place-making and creating positive vibes in the new normal*** - hear what the experts have to say from the retail, office, residential leisure and e-commerce sectors. Please keep your eyes peeled for invitations that arrive in your inbox and on the CULS website for dates and event registration details. We welcome our members' suggestions for topics that you would like to see discussed as part of the ESG event series. Please email your suggestions to [info@culandsoc.com](mailto:info@culandsoc.com)



**Ami Kotecha**  
Co-Founder & Head of Venture Investments,  
Amro Real Estate Partners



# The post-consumer age?

**A review of the current UK legislation and standards driving sustainable development and carbon reduction.**

I have noticed a real shift change in the rhetoric around the climate crisis, biodiversity and the sustainability agenda, even since my article in the CULS Magazine a year ago. As we emerge from lockdown there is a renewed focus on wellbeing and the collective masses are increasingly woke to our own integral link with the environment, something that has arguably been lost in our post-war, consumer-driven age. I urge you to read HRH Prince Charles' book 'Harmony', Professor Tim Jackson's, 'Prosperity Without Growth' (2nd edition) and Isabella Tree's book, 'Wilding' which all provide enlightened views on the historical context, current situation and future hope around the climate crisis.

A good starting point on the built environment is the UK Green Building Council (UKGBC) work on 'Advancing Net Zero'. This is a framework document detailing the approach and how to monitor carbon use at different stages of a development and provides guidance to ensure all existing buildings are net zero carbon in operation by 2050 and all new builds by 2030.

The UKGBC framework intends to bring all aspects of sustainability including construction emissions, materials, embodied carbon and operational carbon emissions together with annual reporting and verification when in-use to demonstrate net zero carbon. Carbon-offsetting may well be employed as a fall-back to achieve net-zero initially.

BREEAM 2018 now includes credits for the topics in the UKGBC Framework including enhanced operational energy modelling and evaluation in conjunction with Post Occupancy Evaluation (PoE) monitoring and verification of energy use and whole life embodied carbon assessments.

Consultants have historically resisted POE because it tests whether their design actually works. Commercial developers often look to achieve the minimum number of BREEAM credits in this area and don't demand enough of contractors on the delivery side. Read through a BREEAM report and you'll find there are relatively easy post-occupation credits that can be delivered at a proportionately low cost.

The British Council for Offices updated their guidance in 2019, making reference to the mandatory carbon reporting in 'Global Real Estate Sustainability Benchmarking' as a mechanism to provide transparency in performance. They talked about the updated London Plan energy hierarchy to include 'Be Lean, Be Clean, Be Green, Be Seen'. They are keen to really accelerate the upgrading and decarbonisation of existing building stock, especially in light of Minimum Energy Efficiency Standards (MEES) which from 1st April 2023 will require all existing properties and existing leases to have an EPC of at least an 'E'.

The BCO also provide guidance on designing for climate change including BREEAM 2018 Wst05 credits and embodied carbon guidance provided in BSEN15978:2011,



BSEN15804:2012 and BREEAM Man02. They have added in new circular economy and recycling commentary with a view to improving the consumption of natural resources and removing waste generation all together both during construction and occupation. Remember the phrase 'circular economy' and be prepared to apply it to all areas of your work and developments. It will be a critical part of everything we do going forwards and harks back to natural processes and systems, working in harmony with each other.

Design for Performance (DfP) looks at information added to assist closure of the energy performance gap between design and 'in use'. DfP provides a set design figure that can be used as a benchmark for site operation to make sure the building is commissioned properly and operated as intended. The Australian NABERS system is a national rating system that measures the environmental performance of Australian buildings, tenancies and homes. Put simply, NABERS measures the energy efficiency, water usage, waste management and indoor environment quality of a building or tenancy and its impact on the environment. It is worth reviewing the NABERS principles which are both forward thinking and practical, focussing on the importance of data collection. The UK Better Buildings Partnership (BBP) has launched the UK DfP scheme this year.

Life Cycle Assessment (LCA), when undertaken correctly at an early stage of the development process and with buy-in from both the design team and the end user, will produce significant benefits. This will drive innovation, identify opportunities and benefits of modern methods of construction, highlight potential for material re-use and resource efficient design and deliver significant cost savings. This last point is vital in promoting changes in behaviour. There is some resistance to implementing sustainable practices due to increasing the cost but in reality this is not the case and, when twinned with improved liquidity, the environmental and financial benefits are obvious.

The content for the Part L 2020 update is under consultation but it is known that carbon intensity figures are much more favourable to electricity rather than gas due to decarbonisation of the grid. CIBSE suggest that the proposed changes don't go far enough to insist on a move away from gas-fired boilers towards heat pumps (air-source and

ground) and electricity from renewable sources.

Looking at heating and cooling for offices, there are more efficient heat exchange options available and, aside from requiring a little more space in plant areas, these are commercially viable solutions which must not be overlooked in favour of polluting refrigerant gas options. In my article last year I discussed a shift to natural ventilation of offices and never has this been more relevant. It is something that Seaforth Land have been looking at as part of the redevelopment of CAA House in Covent Garden: a circular concrete monolith with restrictive slab to slab heights but a large number of windows and a central core which lends itself well to this M&E design solution. It could well be a stroke of genius if their designers get it to work. The pandemic has, without doubt, strengthened the argument for going back to naturally ventilated offices and demand for opening windows.

In the meantime, there is to be a phasing down of current refrigerants to 2030 and eventually a wholesale phase out, albeit there is no set programme for this. In the same way CFC's were phased out of use, refrigerants will get the same treatment. New low Global Warming Potential (GWP) refrigerants are mildly flammable so this will change the configuration of systems with water-based distribution in buildings and refrigerants contained externally or in ventilation plant rooms only. Chilled water-cooling systems, as opposed to VRF, will need more space in plant rooms, but not significantly different to existing requirements.

Back to carbon reduction and the RICS are also working hard in this area: it is worth going back to their 2017 publication on 'Whole Life Carbon Assessment for the Built Environment'. The RICS Conference in December 2019 was noticeably more focussed on environmental factors: various keynote speakers from mainstream property companies and institutional funds were insistent that delivering green and sustainable buildings was critical to meeting their Environmental and Social Guidance (ESG) policies. ESG is forming an increasingly large part of their investment rationale.

There is already a shift in financial lenders offering better rates to projects that exhibit active steps to reduce whole life carbon; their circular economy credentials or adaptability to future climate change scenarios. Furthermore, it is likely that Local Authorities will

move towards putting a greater price on carbon, so taking active steps during the design stage will avoid harsher penalties later on. Landlords will engage in increased due diligence over and above their financial credentials around prospective tenants. Will an investor want a tenant linked to illegal deforestation in Brazil or investment in fossil fuels if institutions are divesting from non-ethical investments?

I will leave you with two key pieces of legislation which our industry will need to pay increasing amounts of attention to. The first is the Social Value Act 2012 which asks the question: 'how does real estate investment contribute positively to the area in which you are investing?' Are you employing local labour and materials, and will the scheme deliver jobs and prosperity locally? Whilst this Act has been very relevant to Local Authorities the consensus is that private developers will increasingly have to contribute in this area or see legislation brought in that forces them to do so. Lastly, the Environment Act 2020, due to come into law this year, will force Developers to increase the amount of biodiversity on a site. I'll leave you with the thought that green roofs, walls and providing habitats for endemic species will become the new *brise soleil* or render... As The Times recently confirmed 'Ivy [has been] hailed as nature's thermostat rather than a creep' having been shown to be effective at regulating temperature and humidity when grown on the exterior of buildings. Watch this space!

With thanks to Hilson Moran and RHB Partnership for their input into this article. Hannah Durden has recently set up her own sustainable building consultancy. If you have a project to discuss or any questions on this article then please do not hesitate to get in touch: 07739 134074.



Hannah Durden  
Development Director  
07739 134074

# Life during and after Lockdown



Caroline Somers

Relationship Manager, Wells Fargo

'Living at work' certainly has a new meaning in a post COVID19 world. Professional and personal life have inevitably merged together in many ways. Interactions with family, friends, colleagues and clients have been made more challenging, but it has also been encouraging seeing how people have come together (albeit virtually!).

Roger Madelin CBE

Joint Head of Canada Water, British Land

Week 13 after lock down, me at Canada Water. 'Teams' has worked impressively but colleagues keen to get back. 'Agile' working was already what we did. The end of 'social distancing' (1st May 2021?) will see the start of the 'roaring '20s'. Helping the 20% of society that are economically and socially impoverished will be paramount.



John Scott

Managing Director, Vanbarton Group

John Scott (Wolfson, 2005) has lived in New York for the past eight years. Fortunately he and his family moved out to the suburbs of Greenwich, CT last year. After four months of lockdown, he is venturing back into the city. He would be pleased to catch up with any CULS members who are passing through town.

Anna Clare Harper

CEO, SPI Capital

Lockdown and its causes were challenging, and sad. Personally, it meant major life changes. Professionally, it meant an overdose of zoom. It wasn't all bad, though. I published a book. One upside to more people being at home: it became an Amazon Best Seller. And, having extra time has inspired a new business venture: an algorithm-driven PRS fund management business.





Keyi Yu

2nd Year Land Economy, Pembroke College

In July 2020 Beijing South Train Station no longer transfers 200,000 passengers a day. When a mini-lock down was put in place the capacity is reduced significantly, hence it was possible to see the pristine colour of glass and grand architectural design free of people for the first time. Stepping in immediately one can be submerged by waves of shocks due to this unparalleled soundlessness tranquillity, but as a Land Economist I cannot help but to imagine the eulogy sang by the industry and economy at large.



Dr. Ian Ellingham

In front of one of Niagara's interesting buildings - on Clifton Hill, the tourist centre (composite photograph - hence no mask). The virus conditions acted as a stimulus to finish a book *Understanding Ugly: Human Response to Buildings in the Environment*, an analysis and structuring of research done over decades, in a way that offers practitioner guidance.



Gemma Goddard

Senior Associate

Commercial Property, Birketts LLP.

Lockdown has had so many influences on the way we conduct our lives, but the biggest positive for my family has been bringing the focus back to simplicity. Discovering local fields, forests, paths and wildlife now feels as enchanting as far-flung day trips were. The new lifestyle comes with a comforting reminder of the motto of my first primary school as a child: "In Minimis Fidelis" or "faith in small things".





# Commercial property – an investment perspective for the future



**Chris Bartram,**  
Founder and past Chair of Orchard  
Street Investment Management LLP  
Director, Tramco Cambridge Ltd.

Let's look at the context.

- Is the recovery in equity markets in the second quarter of this year sustainable?
- With near zero gilt yields how should portfolio diversification be achieved?
- What is the place of property in a portfolio?

Three of the many questions that frame the debate about the future from the investor's point of view.

In reverse order we know that property has had a rough time in the last 12 months (to June 2020) and I would say that it is not likely to show a lot of growth in rental or capital value in the next 12-24 months. However the best assets may be quite stable at present levels of value. Therefore yield and relatively long income duration (average lease length) give it a place as a kind of utility, with inflation related growth prospects over the longer term.

Gilt yields in negative territory are helping to make gold look attractive – but gold is not

a big enough asset class to take the place of government securities. However infrastructure and property might help. Quite a change. That might lead to a greater asset allocation to property.

At present even equity managers are doubtful about the immediate future. Covid, the answer to the alphabet recovery debate, and rising geopolitical tensions all create uncertainty. Equities are therefore one of the most potentially volatile asset classes.

As ever it will be stock selection that leads to a successful property portfolio. Therefore – even more so than normal - look both ways before crossing the road for a deal.

But in the months and years ahead, as the response to the three questions I have posed, develops, there may be good opportunities in property during that period of uncertainty.





# Reflections on a post-Covid 19 World

Despite working in the real estate industry for more than forty years as a CFO, CEO and more latterly a Non-Executive Director/Chair of various property companies and REITs, I do not feel that the experience gives me any greater insights into the likely impact of the Covid-19 pandemic particularly on the investment sector. Indeed, with suitable deference to the many eminent Cambridge historians, I have never thought that the past is a great predictor of the future.



**Aubrey Adams**  
Chair L&Q housing Trust  
Senior Independent Director Tritax Big Box REIT  
Chair Of Wigmore Hall Board of Trustees

I will limit my comments on the current situation mainly to area in which I have some relevant direct experience either as Senior Independent Director of a logistics REIT (Tritax Big Box REIT – TBBR) and Chair of a major Housing Association (London & Quadrant Housing Trust – L&Q). However, as a long term bear of offices, I cannot resist remarking that the move to home working makes their future as an asset class even more unattractive. Having argued for years (as an erstwhile accountant) that there is no need to provide depreciation in financial statements when there is an annual valuation, we cannot escape the fact that even the best prime office buildings become obsolescent in twenty years or so and it is often more viable to demolish than refurbish.

Much has been written about the demise of the High Street and for some time major REITs have concentrated on large shopping malls to create an “experiential” retail world. In the process, they failed to realise the full impact of supply chain modernisation and the growth of internet use (mea culpa – I was on the Board of one such REIT for nine years!). C-19 has clearly greatly accelerated an existing trend and retail will not be the same again. I do hope that

high streets will regenerate with specialist shops and hospitality businesses, but this will necessitate greatly reduced rents (with inevitably consequent reduction in valuations).

TBBR is a good example of the extraordinary expansion of internet shopping. Following an IPO seven years ago it has overtaken many of the established REITs to have a £4bn portfolio and a market capitalisation of some £2.5bn. The focus is on large (typically 500,000sq. ft plus) warehouses which are highly automated and on long leases thus exhibiting the characteristics that made major retail stores the prime assets of the investment market thirty years ago. The old maxim about location still applies (good transport infrastructure is vital) but I have found it interesting that power supply and the availability of a local workforce are critical. National Grid is often unable to guarantee sufficient megawatts within the development timescale and, even with heavy automation, distribution warehouses often require several thousand employees.

The future looks very dynamic. In 2019, 20% of retail sale were online. In the first half of 2020 such sales grew by a third. With the accelerating effect of C-19, it is now estimated that online

sales could hit over 50% of the market in the medium term. CBRE reported that UK logistics space take-up in the first half of 2020 was up by 44% to 19m sq. ft. It is estimated that for every £1bn increase in online sales another 900,000 sq. ft. of warehousing is required. There is some debate about how much of this needs to be “last mile”, but the large central hub is key (TBBR’s latest development is a megabox of 2.3m sq. ft. at Dartford) and even the third-party logistics companies (3PLs as they are known) need sizeable units.

Turning to the residential sector, very little has changed as a result of C-19. In my early days at Savills I remember asking the Head of Research why, at the time somewhat controversially, she predicted a massive (I think it was 2m homes) shortfall in housing - the answer being population growth largely from net inward migration. Well we still seem to have the same acute shortages. Politicians love to blame the planning system and clearly it could be more efficient but the real problem in the South-East (where the shortfall is most acute) is affordability. At L&Q we have the most ambitious development programme in the sector aiming to build 100,000 homes over the next ten years; we already own or

control all of the sites required to achieve this target. With our two bedroomed flats in London selling at a market price of £400,000 plus they are beyond the reach of many families unless they have a six-figure income and similar deposit. We do get grant from the GLA/Homes England and can cross-subsidise using profit from market sale to provide homes on sub-market rents; we also use our borrowing capacity to fund shared ownership. Research has shown that one of the most pressing needs is for affordable rental property for the 30 to 40-year olds with families who simply cannot get a mortgage. “Plus ça change”!

Another area where C-19 is clearly having an impact on all investors is the ESG (Environmental, Social and Governance) agenda. Any company now wishing to raise equity or debt has to show a real commitment to ESG and one of the most challenging elements is the net zero carbon target.

Overall, I remain optimistic about prospects for the real estate sector. The world has survived pandemics in the past and we will always need workplaces, retail outlets and homes - they might just be different. C-19 has accelerated trends which were already well under way.

# Planning for the Future - The Good, the Bad and the Ugly

The Government has published its long awaited White Paper 'Planning for the Future'. The political rhetoric of ripping up England's post-war planning rulebook and replacing it with a radically new system as well as blaming developers who "dodge their obligations" is still very apparent from the Foreword from the Prime Minister. Despite this rhetoric (which is misconceived and unfair), the White Paper is less radical than expected, some areas it covers are rather refreshing and some parts are ambitious and more detail and thought is required. I agree with the powerful words in the Foreword from the Secretary of State of how important a time it is for the planning system and what it can deliver. There is a real commitment to change. So yes we should embrace reform but there are 'the good, the bad and the ugly' points in this White Paper that need to be considered carefully and refined over the 12 week consultation exercise and beyond.

## The Good

### Local Plans

Overhauling to make local plans more concise visual documents (by removing development management policies which will be set nationally through the NPPF) is to be welcomed. However, I am concerned that a lot of the detail will have to fall into the specifications of parameters and standards in the design codes, prior approval requirements and guidance. More thought is also required into transitional arrangements as we switch over to the new local plans as the Government should be careful not to halt the current process given local planning authorities are working on their current local plans.

### Digitising planning

I wholeheartedly support the ambition to embrace PropTech/PlanTech and to have digitisation. There have been so many good developments on this front which are transformative for public engagement/participation, and I hope that continues, but we should just bear in mind that the new systems that will come forward do not just become another ticking the box exercise with the

computer saying 'no' or 'yes'. Planners have to play a vital role here.

### Beauty

Creating beauty in development and through placemaking is also very welcomed. There are many key proposals for building beautifully (e.g. design codes; new expert design body; new chief officer for design and place making in each local planning authority etc). My concerns are that these proposals favour a rule based system over one that uses discretion and planning judgment, thus turning planning into 'planning by numbers' exercise. Not all good development can be planned for in the local plan or a design pattern book. So the Government needs to be careful that this does not undermine the innovation, creativity and placemaking the planning system is presently able to deliver when there is genuine collaboration and partnering between local planning authorities and developers.

### Environmental protection and heritage assets

In the White Paper, the Government has indicated its intention to continue to meet "our domestic and international obligations" whilst taking opportunities to strengthen protections allowing Brexit. A more detailed consultation on this is planned in the autumn, but it appears that the Government's aim is to streamline and speed up the environmental assessment process rather than removing/replacing it. This is to be welcomed so as to avoid the duplication of effort to carry out these different types of environmental assessments as well as to reduce the voluminous and highly technical nature of the current framework. However, the devil will be in the detail and I await the more detailed consultation in autumn with interest.

As for listed building/conservation areas, the White Paper states that the system is working well (which I agree with).

## The Bad

### Timescales

Post the consultation, if the Government wants to press on with these reforms,



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new local plans will need to be in place (using a defined template and within a tight 30 month timeframe) which takes us to the run up to the 2024 General Election, primary and secondary legislation will also be required as well as a new National Planning Policy Framework, which may all be in place by the end of 2022.

I am not entirely convinced this timescale is possible. Either the 2024 aspiration date will need to shift or the proposals via new local plans, legislation, guidance etc. will all be rushed through which only means issues down the line. It is also worth noting that the accompanying document 'Changes to the Current Planning System' has a shorter consultation period (1 October 2020) and the changes proposed in that document are intended to be implemented much earlier (the changes covered are changes to the standard method for accessing local housing need; securing First Homes through developer contributions in the short term until the transition to a new system; supporting SME builders by temporarily lifting the small sites thresholds below which developers do not need to contribute to affordable housing; and extending the current Permission in Principle to major development). If the reforms are successful in reshaping the planning landscape as the Government hopes, the real rewards will not be seen until next Parliament.

### Local Plans/Zoning/Community engagement

I can see the attraction of zoning (which is not zoning as you find in other parts of the world, but a way of 'zoning' our current planning system), but it seems too simplistic that all the land in the





country can be divided into three zones/areas ('growth', 'renewal' or 'protection'). Each zone/area offers different routes to how permission is acquired and it will be interesting to see if new towns are to be potentially granted through a development consent order. There are many ways to gain planning consent and I think this may add to the complexity of development management process rather than simplifying it. Identifying which land goes into which category is also going to be the major battlefield of the local plan process - especially as growth zones will not have provisions of public involvement through the development management process and the local planning authority's role would be seriously limited too. I am not entirely convinced that this is going to get the system moving, even by front-loading public participation to the plan-making stage, as I foresee challenges ahead. This will also raise questions by many as to public participation, whether this creates true public participation when there is currently a full and meaningful consultation at planning application stage (i.e. downstream) compared to the 30 months proposed deadline for putting plans in place (i.e. upstream). However, I know the Government is trying to remove the debate from planning to get things going and we have seen this when it comes to development consent orders by removing the debate on 'need' when it came to national infrastructure projects by creating National Policy Statements. Equally, where will the resourcing come for all of this. I certainly welcome streamlining of the development process, but it needs more thinking and resourcing and also alleviating fears over public participation by capturing the imagination of communities to take a very active role at local plan making.

### **CIL/Section 106 obligations and infrastructure**

As much as I hugely welcome reform in this area, a lot of detail still needs to be worked through and I do not think we will see the end entirely of section 106 obligations (or their equivalent) as in-kind delivery on site will need to be captured through those. The

Government intends to scrap section 106 obligations and introduce just a new consolidated CIL, whereby there will be a fixed proportion of the development value above a certain threshold with a mandatory nationally set rate. The amount raised depends upon the level of surplus achieved by the sale value of the final development product over a notional base value needed to secure viable development. My concern is that this is a 'one size fits all' solution and setting the new levy at a level that will not deter development will be difficult. There also seems no scope for a local planning authority to refuse planning permission on the basis that the development proposals will not secure the required infrastructure. Some schemes will not be subject to the new levy and a national rate poses many problems. Even the changes proposed to capture PDR schemes will not make such a huge difference. I see more of the north and south divide issues here and this will definitely not assist the Government with their levelling up agenda. I do not feel that this will benefit all across the country and the funding of infrastructure has not properly been thought through and more work is required.

### **The Ugly**

#### **Resourcing**

The biggest problem with the current system is not that it is all inherently bad as the Government makes out but that it has not been sufficiently financially and skilled resourced, especially at local planning department levels where planners are under-resourced and demoralised. Nowhere in the White Paper does the Government propose how to grapple with this issue, even though there is emphasis that resourcing is needed and planners should focus on pro-active plan-making. It leaves the workforce planning and skills development to the local planning authority and expects digitisation to assist and there will be a new performance framework introduced. The Government's view is that the cost of operating the new planning system

should be funded by the beneficiaries of planning gain and by application fees (i.e. by landowners and developers) rather than national or local taxpayer. I do not think that this is right nor sufficient and a more central funded approach is required.

#### **Affordable Housing**

It seems that affordable housing will instead be a purchased good rather than delivered through the planning system. This is because it is to be financed from the monies raised by the new levy. Yes, this would make the system more efficient as it will be grant funding rather than developer delivery, but what happens if the land value falls, how is the quality of affordable houses to be controlled and will all this lead to mixed and balanced communities? The White Paper makes no mention of delivery and I wonder if an in-kind delivery on site through some sort of a section 106 obligation will be required. As such, we are not going to witness the end of section 106 obligations or their equivalent.

#### **Net Zero agenda**

It feels like the White Paper has missed a real opportunity to further the climate change agenda. It seems to have given the same old nod to environmental sustainability but not making clear what it means or providing new ways forward. The planning system is described as "only one of the tools" needed to mitigate and adapt to climate change and very little detail is given.

### **Conclusion**

The individual elements of the proposals will be developed over the 12 week consultation period and beyond. It is fair to say that we do not do change well, but we need to be brave and take bold steps to make the planning system better for all. The first (absolutely fantastic) question the White Paper asks is "What three words do you associate most with the planning system in England?". I am sure we can all think of three words (good and bad).

# A hopeful Pepys into the Future

*“So anon I took leave, and for London. But, Lord! to see, among other things, how all these great people here are afeard of London, being doubtfull of anything that comes from thence, or that hath lately been there”*

This is an entry from Pepys’ diary in 1665. So many have described this year as “unprecedented”; reading Pepys was a valuable reminder that we have been here before - and survived! Nevertheless, one of the stranger memories of this strange year was Mothers Day when we arrived in Yorkshire to visit family only to be refused entrance – even to the garden – due to similar perceptions of Londoners.

We are all still brimming with good health and managing to stay cheerful and the pandemic did not even get in the way of work. This was good as many new planning laws and policies were introduced as government brought emergency legislation to deal with the implications of lockdown, expanded permitted development rights to promote housebuilding, and proposed fundamental changes to the planning system as a whole.

## Planning Changes

The first regulations brought in emergency powers to make decisions in virtual meetings, and a move to digital methods for giving notices, carrying out consultations and publicising documents. We became used to viewing drone footage rather than visiting sites, and we all discovered ‘Zoom’, ‘Teams’, ‘Google Hangout’ and even ‘Houseparty’ as a way of staying in contact and getting things done.

The Housing and Planning Bill followed with some Covid-specific changes to extend the life of planning permissions, amending the hours and days during which work could take place on large scale construction projects and giving local authorities discretion to defer Community Infrastructure Levy payments, alongside relaxation of licensing restrictions.

July brought significant changes to permitted development with a new, wide, commercial, business and service class E, together new rights to extend upwards, to construct new flats on top of other existing commercial or mixed use buildings and to demolish and rebuild vacant and redundant free standing buildings built before 1 January 1990.

Then just as we were thinking that August might be a quieter month the Government issued ‘Planning for the Future’ - its template for a new planning system including:

- Designated growth, renewal and protected

- zones in place of site-specific uses;
- Frontloading the plan process with community engagement and making local plans subject to a single “sustainable development” test;
- A nationally imposed housing target;
- Greater use of design codes;
- Replacing section 106 agreements and the Community Infrastructure Levy with a new Infrastructure Levy.

## Digital Planning

Of all of the proposals in the Planning White Paper, in my view the introduction of digital planning to the policy mainstream is one change that will stick, because the changes may be initially small in scale but will be pervasive and likely to proliferate throughout the system. Every aspect of the government’s ideas for reform of the system includes some call for digitisation, with specific proposals including:

- an increased use of digital tools for engagement;
- digitised and partially automated application processes;
- interactive plans with machine-readable planning policies;
- creative platforms for neighbourhood plans;
- a wider range of data sets available to all; and
- planning officers with “geospatial capability and capacity”.

This is not unexpected. The Living with Beauty report published in January, called for a “profound re-engineering” of the planning process; and the Connected Places Catapult has already issued a digital planning manifesto.

However, as we already know from previous technological shifts, while the technology itself is neutral the humans using it can deliver negative as well as positive outcomes. Artificial intelligence in general and machine learning in particular are significant assets in the decision-making process, but the powerful algorithms are also complex and opaque. The Government has already discovered the perils of using algorithms for exam assessments and visa assessments; this does not bode well for the use of similar technologies in development planning.



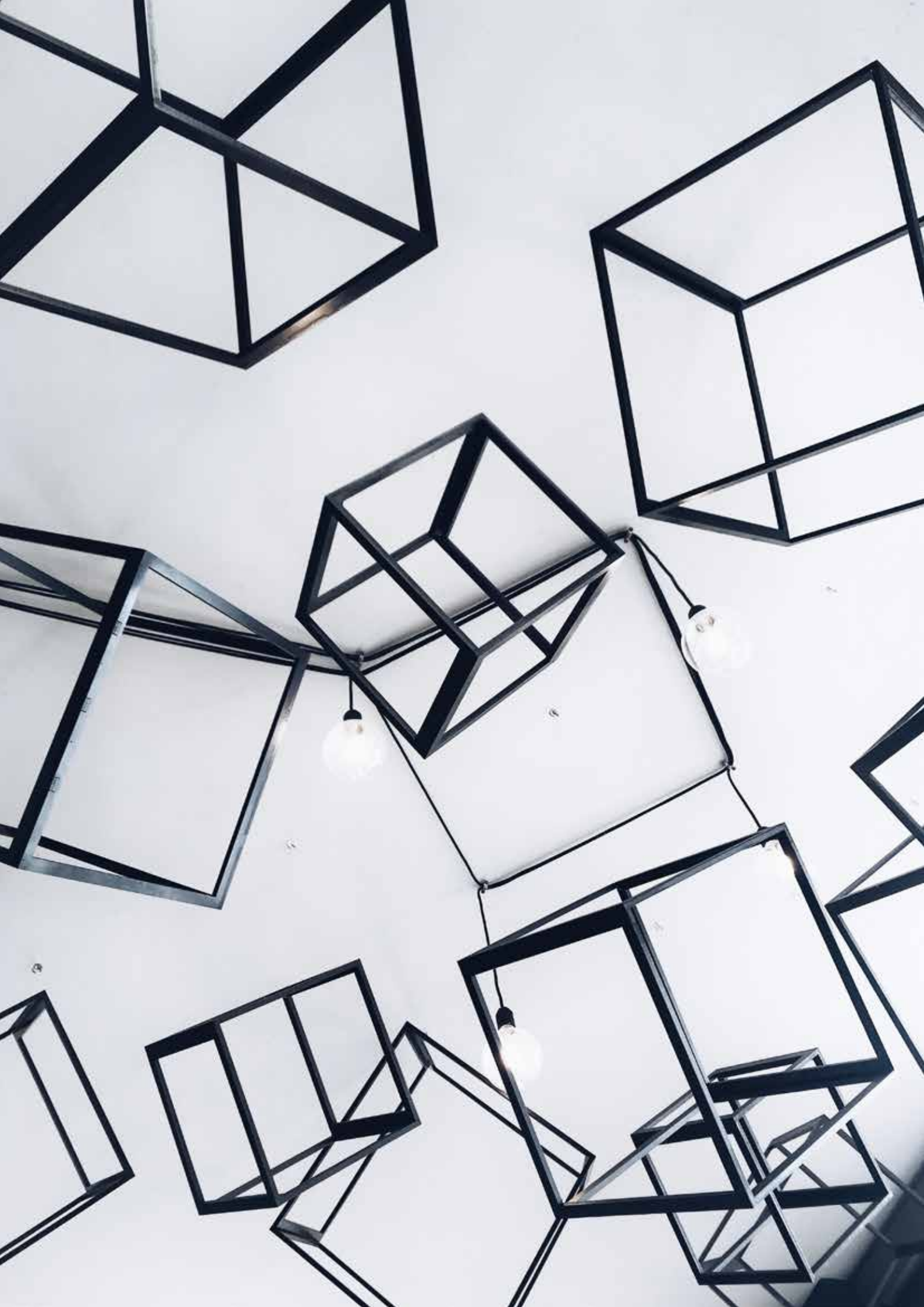
Dr Sue Chadwick,  
Solicitor and Strategic Planning Advisor,  
Pinsent Masons LLP

The Centre for Data Ethics and Innovation has recently issued a report on the need for trust when it comes to public sector data issues yet the White Paper is entirely silent on digital ethics, barring a few paragraphs at the end of the document asking for views on “planning for people in diverse groups”. The planning system as we know it evolved from a need to reduce inequalities in society through the provision of healthy homes and well designed places; relegating equalities to three paragraphs at the end of a document promising a planning revolution is disappointing, not to say short sighted in the current socio-political climate.

## Conclusion

In August 2020 it is easy to travel through the almost-deserted streets of London and decide that everything has changed for ever, so it is also reassuring to finish this piece where it began – Samuel Pepys on a trip away from a plague-infested London. Entirely unbothered by health concerns he arrived in Greenwich too late for the last ferry, slept in the coach overnight and got the first boat out the next morning, arriving home “merry as might be”. Let us hope we all find ourselves in a similar state when this year ends.







# INVESTING IN RESILIENCE

We're delighted to support CULS in nurturing the future pioneers of real estate.

As a vertically-integrated investor, developer and operator, we live and breathe residential property. Apache Capital Partners has taken market-leading positions in student housing, later living and build-to-rent.

We have a £2bn pipeline of multifamily assets and are growing our UK-wide presence with investments in every major UK city.

Our vision  
is to create  
someone's  
home, for  
rent, for life.



APACHECAPITAL



# Residential's resilience will be proven post-pandemic

## The Economic Recovery from Covid-19 Will Take the Shape of a K: Residential Alternatives Will Be at the Top of It

Predicting the economic recovery from the coronavirus pandemic to take the shape of a V or a U or an L is all well and good, but all such 'letter-based' scenarios risk presenting the recovery as homogenous to every business across the economic landscape. The truth is far from that.

**T**he recovery itself may appear like a V, U, W or L on graphs at the aggregate level — but within that, at the micro, sector-by-sector, firm-by-firm, asset-by-asset level, the recovery will take the shape of a K: eventually, a certain branch of the economy will climb the base of the K in recovery, and continue its ascent upwards — while the other will tail off and decline down the lower tail.

There have inevitably been winners and losers from the pandemic's fallout. Businesses that have suffered are overwhelmingly those that rely on the sort of human footfall and travel global lockdowns have impeded. Those that have prospered are ones global lockdowns have benefitted: Zoom for example, has had a bigger market capitalisation than Britain's top listed real estate firms all added together.



**Richard M Jackson MRICS**  
Managing Director  
Apache Capital Partners

Angel Gardens, BtR - resident workout





Nightingale Lane, Senior Living – terrace view

However, it would be foolish to not see this as part of a wider trend that looks to continue post-pandemic. Simply, the virus has sped up change that was already occurring, presenting a perfect storm for truly reorganising our economies.

Forced to accept new ways of spending, working and living — and presented with the technologies to aid the transition - there is every reason to believe these new norms will persist in the long-term.

In real estate, the questions of how people will live, work and play post-pandemic has led to a major re-valuation of commercial property.

The forced closure of physical offices at the start of lockdown and the ease with which many appeared to be working from home — ‘WFH’ — has left question marks

hanging over the traditional office.

Retail has been hit with a ‘double whammy’. Firstly, the forced closure of offices and with it the footfall urban retail so depends upon has starved the sector of revenue, in-turn affecting commercial landlords, as tenants withhold rent in-order to stay afloat. Secondly, the pandemic has accelerated the trend that has seen e-commerce increase its share of retail sales at the expense of bricks and mortar.

If habits were elastic and shopping centres and high-streets could reasonably expect trade to return to normal this wouldn’t be a problem.

But, as we’ve seen, some of the habits borne from the pandemic look to be here for the long-term.

That’s why real estate investors need to find

themselves climbing the upper part of the K, and commercial property owners who do not adapt will find themselves increasingly obsolete in the ‘new normal’ — sliding down it.

At Apache, we have always believed we are uniquely placed across our residential portfolio to enjoy a steady climb towards the K’s top slope.

As one of the UK’s leading investors, developers and operators of build-to-rent (BtR) real estate — in partnership with Moda Living - we are set up to embrace the new normal. Our flagship development in Manchester — Angel Gardens, and the rest of our development pipeline is set up to foster the WFH culture, with designated co-working spaces, free ultra-fast broadband and room to unwind — with football

terraces, inhouse gyms and cinema rooms.

Clearly, the lockdown posed restrictions on how people could use buildings but we found that the added amenities not only made Moda’s building more resilient, it crystallises much of the value premium we see for our customers. Many people have asked: “why should people waste money renting?” And the simple response is that money spent making your life easier, more sociable, more fun and more productive is money well-spent. People are increasing experiential, and for Apache, we are investing into defensive sectors, ultimately the last thing to go in a recession is the roof over your head, and in any given recession more people rent than buy.

And, while currently it is



not the '9-5' and city-centre office pulling people into Manchester's Piccadilly or London's Paddington, our cities still have immense draw as cultural hubs which our developments are positioned to benefit from. Our 466 beds in Angel Gardens, for example, are a stone's-throw from Manchester's Northern Quarter, which housing a range of fashion boutiques, artisan eateries and trendy bars is quickly becoming one of the cultural hotspots of the UK.

BtR had enjoyed rapid growth prior to the pandemic, with the number of BtR homes completing across the country in Q1 2020 increasing 42% on the year prior, and the average size of developments more than doubling from 144 to 309 homes, according to Savills data.

By taking an early position in the market, we were able to secure a £2.5bn pipeline across every major UK city. As investors seek to deploy ever greater sums of capital, the scale of our platform and the breadth of our pipeline has helped firmly establish Moda as the leading brand in the market.

Meanwhile, our recent joint-venture into later living with



Nightingale Lane, Senior Living - reception

Audley, has provided one of the first retirement villages in London — Nightingale Place — which provides similar benefits and builds on our track record of creating premium brands. Long-term fundamentals driving demand for later living, such as the large baby-boomer demographic, limited development pipeline in prime areas and increasing strain on traditional care are well-known. But, here too, the pandemic has put a premium on the sector. Nightingale Place offers those entering their later years the chance to retire in a home they own, with flexible care and leisure facilities: it's not the end of their life — simply the next stage.

With the pandemic showing the traditional care system cannot persist, and an ever-growing user-base owing to the ageing crisis in Europe, we are well-positioned to be leaders in what may well be the 'new normal' in later living.

For investors looking to now diversify their portfolio and return stable cash flows while clouds hang over commercial real estate and rent collection, BtR and later living provide the perfect avenue. We are pressing ahead: with 7500 BtR apartments developed or in our pipeline, and a new later living development a stone's throw from Hove's seafront.

And the potential for growth in suburban locations and around regional cities –

particularly in support of knowledge sectors like life sciences - is tremendous. Cambridge is a perfect example, with Apple, Microsoft and many leading biotech firms all focusing heavily on the city. This is a sector we are looking at closely and believe a balanced portfolio offering aspirational lifestyles that are affordable across different demographics, locations and product types offers investors and ourselves the best chance to climb the K's upward slope.

Regardless of the shape the graph takes depicting the recovery of global economies in years to come, at a micro level it will be K-shaped, with different industries and the firms within them facing divergent fortunes based on their role in our re-organised economy. We believe the drivers behind residential, our specialisms and our dedication to our most important clients — our residents – will continue to change the way that people live and benefit from increasing institutional capital investment.

Bottom left: Angel Gardens, BtR - roof terrace 5 aside football pitch and below Angel Gardens, BtR – cinema room





# ‘The Right Stuff’: alternative residential and the recruitment of quality

Alternative residential assets (comprising build to rent (“BTR”), student housing, co-living and senior living) distinguish themselves from the traditional buy-to-let or build-to-sell model by putting residents first and providing a “great experience”. But how do you find the right people to manage your property? How much should you invest in training your management staff? Does the increasing professionalisation of management directly increase revenue? And what else constitutes a great experience for customers? This article explores some of these questions.

## People and profit

Increasingly, people are seen by the sector as an important business investment. Operators and investors across different alternative residential assets are seeing a direct correlation between great people providing a great service and a sustained increase in financial return. While this correlation is difficult to quantify, experience has shown that it has tangible results. Whilst it is difficult to get direct data, many operators across the alternative residential sector have found that improvements in customer service have coincided with better performance over the last five to ten years. This starts with finding

and recruiting talented people, continues through ongoing training and provision of rewarding long-term careers, and ultimately creates sustained rental growth and more successful businesses.

There are, however, still challenges to getting this right. Certain operators suggest that there is often a disconnect in the industry: the link between effective management and a growth in investment return is not fully appreciated and there is a mismatch between the short and long-term aspirations of developers, investors and managers.

Retention of talent is another hurdle. There is a perception that the best people on the ground often progress





away from what they do well: often operators find that it is difficult to keep some people working in the lower-tier operational parts of the business as they recognise that the pay is higher elsewhere. It is a balancing act to retain and reward good people and continue to drive value and efficiency.

### Stateside lessons

Finding the right people is not easy; people rarely leave school wanting to be a property manager. This may partly be due to the fairly new concept in the UK of residential property as an operational asset and an exciting career option. In the US, there does not seem to be the same issue.

Some US operators have found that sourcing talent is not an issue and suggested this may be due to the existing “multifamily” model being mainstream “across the pond” for over 60 years. The notion of using brand as a way to recruit the best people is nascent in the UK whereas it is part of the system in the US – if you provide an innovative and stimulating place to work that differentiates you in the crowded multifamily market then finding talent is not an issue.

### Continued investment

Ongoing investment in training staff is critical with a baseline of learning and knowledge needed by the sector. The quality of the training is imperative not only from a customer service angle but also in wider agendas. Businesses will increasingly find themselves at risk if they cannot properly deliver the service that the sector is asking for from a regulatory or policy perspective, such as safety considerations or dealing with personal data. Training not only ensures continued compliance with such matters but also leads to the development of quality employees. It underpins such development.

### Professionally managed

Professionally qualified managers from different work backgrounds are increasingly viewed by the sector as crucial. Given that alternative residential assets are essentially a hybrid of a property

asset with hospitality-style service, having the right professional people in management roles is paramount. With the rapid growth of these types of assets, the industry recognises that a bespoke professional management qualification will attract the right people and encourage them to look at long-term careers in management.

The Institute of Residential Property Management (“IRPM”) recently launched a comprehensive course that is tailored for property managers in BTR developments. The IRPM qualification will equip people from a variety of professional backgrounds to undertake the specific management of BTR assets. Those coming from a purely property background often require more training on customer service and how that directly impacts on the bottom line; those from a hospitality background will need to get to grips with the technical competencies of property management.

A different professional background often leads to operators taking a different approach, which almost always adds to the operator’s success. It is no longer enough to look just at the property industry for talent – the aim is to create a team with all the necessary elements, combining technical skills and customer service skills.

There is now an increasingly large contingent of operators of residential alternatives that strongly support professionalising the management aspects of the residential rental sector (in all its forms) – there is an overriding feeling that this definitely leads to the provision of a better service. While regulations and landlord requirements are constantly shifting, managers who are members of professional bodies can help to navigate that landscape. Operators will increasingly see the benefit of having the IRPM industry standard of property management associated with their developments.

### Safety and basics

When providing a good service, safety is a priority. The need for constant investment in customer service is a given but safety and

security now trump service as matters of the greatest importance. The Grenfell disaster and the Covid-19 pandemic have meant that safety has shot to the top of the priority list for residents. Property managers have been shifting their focus away from amenities to providing a safe and secure place to live and work. Indeed, safety is one of the key elements of professionalism that feature in all of the IRPM’s courses, including the new build-to-rent property management course.

Getting the basics right, however, remains critical for providing a great experience. The alternative residential sector differentiates itself from the traditional buy-to-let market through the innovative provision of amenities and approaches to creating communities. But getting the basics right can still take you 90% of the way to success.

Even in the mature multifamily market in the US, the fundamental principles of running a multi-let residential development will determine whether or not you are successful. The need for making the leasing process frictionless; responding quickly to requests from tenants; and being transparent with your residents about steps taken to deal with issues.

If there is one prevailing idea which good alternatives operators should adhere to is “do what you say you’re going to do when you’re going to do it. Don’t just talk about excellent customer service – deliver it every day.”



Anastasia Gorokhova  
Partner  
Osborne Clarke LLP  
Queens’ 2000-2004

# “Customer is king” - How the post-COVID Private Rental Sector will be defined by what tenants want

The ‘customer is king’. This idea affects all industries. In this interconnected world, information can be shared instantly and globally at the click of a button. The customer has become exponentially more important for businesses and investors in real estate and beyond.



Anna Clare Harper  
CEO, SPI Capital (and Author of Strategic Property Investing)

A bad decision, or badly-phrased comment showing a lack of care for your customers can cause your business value to plummet. The recent rise of Cancel Culture in some ways echoes Gerald Ratner’s well-known misdemeanour. Both reflect the point that with power and profit come a great responsibility to do right by your customers and stakeholders.

In real estate, COVID-19 is exaggerating and highlighting specific and significant impacts around the importance of the customer. The Private Rental Sector (PRS) is a much-discussed example. This trend did not begin in 2020. Nonetheless, customer wants and needs have never seemed so important.

Considering this is essential for PRS investors now. Three key areas of consumer need are relevant:

1. What customers want
2. What customers are willing to pay for, and
3. Confidence

## The PRS market context

Before sharing my thoughts on how customer wants and needs, willingness to pay and confidence are changing what works in the PRS in a post-COVID world, it’s important to set the context.

In the current environment, powerful global investors tip the UK PRS and warehousing/distribution as top investment sectors. As an aside, the focus of both of these emphasise the point that the customer is king.

The popularity of UK residential property is not new. National and international investors have been attracted to it for many years. UK residential property investment in general, most often in the form of PRS investments, has come to be seen as a safe haven. A positive outlier, through its low perceived ‘risk/reward’. For many years it has offered compelling stability, growth, yield and a hedge against inflation.

The UK PRS has doubled in size in the 20 years from 2001, from 10.2% to 20.3% households<sup>1</sup>. Since c. 1997, and the wide-spread take-up of ‘Buy-to-Let mortgages’, the make-up of investors has diversified dramatically. 94% of the PRS was owned by individuals in 2018, with the vast majority of landlords owning 4 or fewer properties, and only 1% owning more than 10 properties in 2010<sup>2</sup>.

The diversity of ownership has fallen since the Montague Review (2012) and a raft of regulatory changes such as Mortgage Interest Relief via ‘Section 24’. Many investors concluded that they must either scale up, or get out. Despite policy intentions, real estate is slow, and the market won’t concentrate quickly.

Unlike other real estate sectors, more than 95% of the PRS is made up of assets worth <£5m. It’s these assets that have been my focus since studying Land Economy. They



are considered unattractive to larger investors, who are unable or unwilling to scale down to the size of available assets efficiently. They are difficult to acquire and manage at scale.

During lockdown, I published a book that drew on my experience working with High Net Worth Individuals, to look at what strategies are most effective in this context. The key message was that the best approaches now and for the future will be more professional and efficient. They will allow operators to specialise, and allow investors to be hands off. Delivering this at scale is my current challenge, at SPI Capital.

The make-up of investors in the PRS is important because:

- It profoundly affects what the PRS actually looks like, and how it responds to COVID-19.
- In many ways, investors are considered as consumers, too: you only need to watch *Homes Under the Hammer*, or read any major news publication to realise how many ordinary people feel they can and should get involved with UK residential property investment. In some circles, it is seen as a rite of passage. For many, it is the default and favourite way to store money safely.
- Crucially, both sets of customers (tenants, and sideline investors) are also voters. Of the two, tenants are better represented and more vocal, despite the proportion of politicians who own their own PRS assets.

## How will COVID-19 affect customer appetites in PRS investment?

The question of the moment is, how will COVID-19 affect the housing market? This is closely related to the 'exam question' on how customer appetites are affecting PRS investment.

## Tenant wants, needs and confidence

What consumers (tenants) want and are willing to pay for relates to buildings, services and confidence.

Surveys suggest that people are thinking differently about their housing choices, post-lockdown. Perhaps unsurprisingly, people care more about having a garden, more indoor space, the right neighbours and local community, and space to work from home<sup>3</sup>. It seems clear that 'walk to work' locations, and layouts that facilitate working from home will be increasingly important.

On the fabric of buildings and service

delivered, everything hinges on ability to pay. There is a wider trend that many institutional investors fail to consider. Smaller and regional landlords know it well. Many ordinary people, and in particular young people, aren't willing to pay for what they say they want, when you ask them.

'Willingness to pay', in Economics, reflects what consumers will pay, and also encompasses what they are able to pay. This will need to be considered by PRS investors in a post-COVID world. What's more, wants change rapidly. What's hot and what's not can shift in seconds. For anyone who understands TikTok, the idea that 'yesterday's news is today's fish and chip wrapper' seems quite an understatement.

There is a question mark around whether and when rent levels and willingness to pay for some assets will rebound, in particular the aftermath of Sunak's generous furlough scheme. Zoopla's June 2020 rental market report highlighted that rents in London fell by 3% since January. The drop was significantly higher in Zone 1. Demand dropped off a cliff from corporate tenants and short term visitors. We're undeniably in a recession. Suddenly, there is no need to pay rents that peaked at 54% of average incomes for buildings with all of the bells and whistles.

The PRS is not just about buildings, but about service. On this, Helen Gordon (Grainger PLC) got it right when she described a core focus on innovation, communication and improvement. Kindness, compassion, and a flexible, responsive service underpinned by technology are key. These might have been considered 'nice to have', before. They are essential now, in the context of YouTube viewings and a 'moratorium on evictions' through COVID.

Economic confidence will also prove a key driver of change. There are widespread reports of PRS tenants handing back the keys and moving back in with their families. Key life decisions are being delayed, whether due to cancelled weddings or employment status nerves.

A desire for more and better inside and outside space has been combined with economic necessities and COVID-inspired nerves. The results, in many parts of the country, have included a correction in the number of households.

The 'shrinking households' phenomenon driven by people settling down later, with fewer/longer lasting marriages, began to reverse. In place of single tenants and small households came higher voids. This may not prove permanent. It is certainly relevant in the short to medium term.

## Investors as consumers, and what they want

As mentioned, my view is that whilst tenant needs are the key, there is another relevant group of 'consumers', who are acting as investors in the PRS. Sideline landlords have been on the decline due to market and regulatory changes. What these investors want remains a key driver in the PRS.

## Confidence is the highest value commodity

What investors want in a post-COVID world is confidence, above all else. This is the highest-value commodity of the day. It seems to be worth more than data and oil combined (although oil has a rather precarious value at the time of writing!).

Investors want yield and an inflation hedge. Mass government stimuli and long term low interest rates are creating unprecedented appetite for yield. Individual investors in a post-COVID world want this without the now increased hassle associated with investing directly. For example, investors must now put far more effort into health and safety and tenant communications such as that around payment of rent and job security.

More professional delivery of PRS-focused investments targeted at ordinary investors seems essential, to meet this growing demand. The assets invested in must deliver what tenant customers want, and are willing to pay for.

## Conclusion

The truth is, real estate is not about inanimate objects, it is about people. In some ways (although not in its pace of change), it is like the internet. Powerful businesses and governments effectively control access. It shapes and reflects the pulse of the nation.

In a post-COVID world, it is a given that PRS 'products' and services will need a greater focus on public health. Investors and operators must consider what tenants want, need and are willing to pay for, and do our best to deliver excellent customer service to tenants.

In many ways, I believe there has never been a better time for investors to access the PRS. What needs to change is the way so many investors access this sector. In a post-COVID world, investments must be professional, efficient, and underpinned by superior technology, systems and customer service if it is to work for tenants and investors alike.

<sup>1</sup> Savills <https://pdf.euro.savills.co.uk/uk/residential---other/report---investing-in-private-rent---2018.pdf>

<sup>2</sup> EPLS [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/775002/EPLS\\_main\\_report.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/775002/EPLS_main_report.pdf)

<sup>3</sup> [https://www.nationwide.co.uk/-/media/MainSite/documents/about/house-price-index/2020/May\\_2020.pdf](https://www.nationwide.co.uk/-/media/MainSite/documents/about/house-price-index/2020/May_2020.pdf)

# Residential Development after Covid-19

After coping with closing the offices, stopping travel, ending physical meetings, construction pausing and the home moving ban, it was an improvement to come out blinking into the confused post lockdown fog of conflicting rules and intense future uncertainty.

**L**ockdown for igloo Regeneration was a big bump in the road but our two decades of working from home made for a relatively easy adjustment, and even some productivity benefits now that everyone else was doing the same. Most of our work continued as usual, with some added complexity for our construction and marketing teams. All our sites were back up and running Covid safe in a few weeks, with little time lost thanks to our great contractor partners. By the time lockdown started to ease in our sector we were ready with improved virtual tours and unaccompanied digitally enabled viewings.

We also took the decision to accelerate our R&D programme using the talents in the team that were temporarily diverted due to the pause in the future projects pipeline.

We focussed on three projects – reducing UpFront carbon in buildings in a collaboration with the Active Building Centre, the cross-Government Home of 2030 competition, and designing the post Covid Home.

When the Government guidance against home moving was lifted we saw a surge in sales, partly from the pent up demand from seven weeks of self-isolation, and partly from people reappraising what they wanted in a home after having time to think deeply about it, and experience it 24/7.

The changes were clear. People wanted green outdoor space, the ability to work from home and/or home school, and community.

It's easy to see how the lockdown rules contributed to the first two of these but the third was interesting. It seems to be founded in a combination of missing



Chris Brown  
Executive Chair, igloo Regeneration

human contact outside the home and in the strong positive emotions derived from participating in activities like neighbourhood mutual aid and clapping for key workers.

I can see the possibility of some interlinked trends. Large offices in dense city centres are difficult to operate in a virus present world, due to capacity constraints on the office floor and particularly in the lifts and the public transport to commute from the suburbs.

This could play out in a number of ways. It could be long lasting and result in a lot more working from home or a return to the car-based business parks of the 1980s. Or it could be short term but lead to a firm nudge along the pre-existing path of more home-based working, less commuting and a change in the purpose of premises owned by knowledge based organisations, from the 19th century, closely supervised, serried ranks of clerks, to creative, social and team and culture reinforcing spaces that employees visit in small groups maybe 20/30 days a year.

Either way it is likely that more people are going to spend more time in their homes, neighbourhoods, and local communities.

Our early experience suggests that, in relation to their homes, people will put a premium on the spaces and places that make spending time at home a more enjoyable experience, though it's too early to know if this will play out into sale prices and rents. I'm pretty sure though that, as occurred after the financial crisis, it will appear in faster sales and letting rates for those homes that fit the bill, which won't be many of the current crop of standard speculative house types.

These market pressures might start to change how the property sector designs new neighbourhoods.

There is an argument that a Covid present world will push us towards suburban houses with large gardens, and extensive car use, and there is a







momentum in the planning system taking us in that direction.

The alternative is that the Climate Emergency means that car domination simply isn't a viable option. We just don't have the renewable energy infrastructure to convert to renewable electric heating of our homes and powering of cars and won't have any time soon. That suggests we need the kind of urban density that can support the business model of car clubs and driverless Ubers.

Our winning Home of 2030 competition entry, with Mawson Kerr architects and Simply Useful Trust sustainability consultants, imagines tech enabled communities co-producing green, walkable, vibrant neighbourhoods, potentially bypassing the large developers.

This approach rejects the monoculture of modern speculative suburban housing

estates to deliver a wide range of community-led and custom build homes in urban neighbourhoods to satisfy the huge variety of individual housing needs and to build strong communities.

We don't envisage a standard post Covid house type with a home office, home school room and a garden. Instead we imagine a development system that can deliver the range of different homes we see in Custom Built neighbourhoods like Homeruskwartier in Almere in Holland.

The PlugNPlay buildings we propose have simple frame structures, standardised component interfaces and use a software platform, to deliver fast, safe construction and economies of scale.

They address the climate and nature emergencies by being planet positive with zero UpFront and InUse carbon and by re-wilding urban neighbourhoods.

The excitement of this competition is

the potential opportunity to build the winning entries now, to influence the outcomes of planning reform, and the market, to deliver a transformational change in the variety and quality of new homes, in neighbourhoods that are green, and above all, enable vibrant supportive communities.

Whether it's post Covid, or living with Covid, the economic shock is still to come and delivering on these hopes will be challenging. It is likely that house and land prices in some markets will fall as insolvencies and redundancies mount in the absence of an adequate state funded safety net. The transition may be painful. But from this 'creative destruction' may flow a new world of purpose driven developers, funded by impact investors and delivering homes and neighbourhoods that a less consumerist society demands.



# Resilient Residential Design – How can dense urban living remain desirable?

**L**ockdown brought about a sudden and dramatic change to our daily lives. In the space of a few days our homes became our offices, our gyms, and, for those with children, our schools. Our physical boundaries shrunk to our immediate neighbourhoods. Global became local.

These changes radically altered the way we use and experience our homes. Combined with interminable time to sit contemplating our four walls, understandably this has left many people questioning whether their home still meets their needs. A recent survey showed that 39% of respondents under the age of 50 were more inclined to upsize, with access to a garden and a separate space to work from home ranking as two of the most important drivers.

For those of us responsible for designing homes for the future, this has left questions over how residential design can adapt to meet these changing priorities. As restrictions ease and the 'new' normal returns, it is unlikely that all of our lockdown behaviours will turn into

long-term trends. However, what is clear is that certain pre-existing trends in the way that people want to live and work have been rapidly accelerated.

Perhaps most obvious is the expected increase in the time spent working from home. Another survey showed that nearly 35% of respondents expected to be working from home 2 days a week post-lockdown, up from only 10% pre-lockdown.

With the prospect of the daily commute removed, this increased flexibility combined with a desire for more space may lead some to move out of urban areas altogether, instead choosing the extra rooms and garden space offered by houses in more suburban and rural locations.

However, for others there may still be a lingering preference for local, with the ability to access services which meet all of your day to day needs within walking distance becoming a top priority. This may instead result in a resurgence in demand for high quality urban areas and their distinct lifestyle benefits, such as

convenience and variety.

How then can we design new homes and neighbourhoods in dense urban areas that can meet all of these demands? Affordability constraints on what people are able to pay, coupled with high land values and construction costs impacting developers' financial viability means that simply designing larger homes is often not feasible.

For larger scale developments, amenity spaces may provide a viable alternative to adding additional floorspace to every flat. Communal workspace which allows those working from home to do so in a dedicated space which is not their kitchen table is likely to be in high demand. Crucially this space must provide a pleasant and practical environment; natural light, good ventilation and excellent connectivity are must-haves, along with a selection of different types of work stations including privacy pods for phone calls.

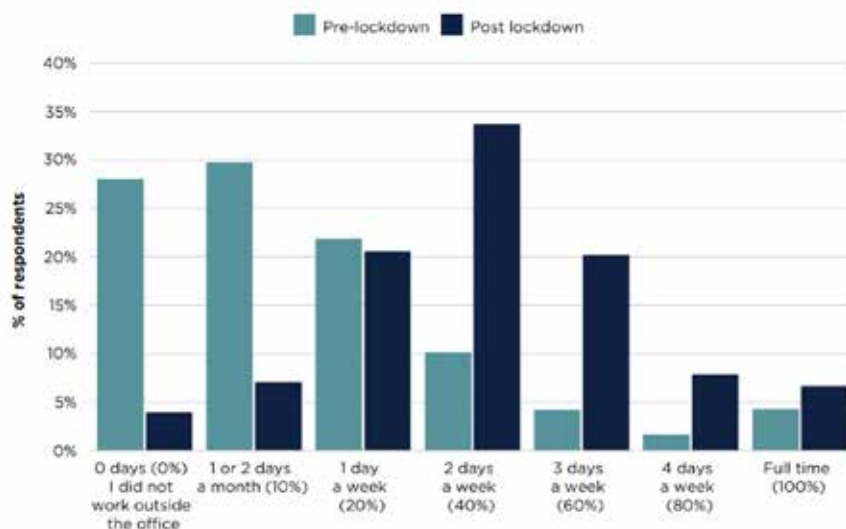
Whilst private balconies will undoubtedly become a necessity for many, these should be designed to be



**Bronwyn Jones MRICS**  
Associate Director  
London Residential Development

truly usable: large enough for outdoor furniture and planters, receiving good levels of sunlight, and benefitting from pleasant outlooks with minimal overlooking. The reality is that all of these factors cannot always be met whilst maintaining efficient building footprints and attractive façade designs. Communal gardens and roof terraces therefore have an important role in providing access to outside space. Again, the design must be carefully considered to make these spaces inviting, with clever planting to break up the space, sufficient lighting and areas encouraging children's play.

Another design solution may be the return of the 'box room', a feature more commonly found in period terraced houses rather than new build. Designing more '2 bed 3 person' or '3 bed 5 person' homes into the unit mix of a new development could allow for the additional space that many now crave through what in planning terms may be considered a single bedroom. Whether used as a dedicated study, children's playroom, home gym or guest room, crucially this offers flexibility without adding significantly to the floorspace and therefore capital value.



Source: Savills Office Fit



Beyond the home and the building, the design of the neighbourhood is also critical. For large residential-led masterplans, it is the ground floor environment and the spaces between buildings that will ultimately create a place in which people wish to live. The most successful new urban areas will be those offering a diversity of uses and activities that meet residents' daytime, evening and weekend needs. With a renewed focus on supporting local, and an increasing awareness of the social impact of new developments on existing communities, opportunities should be created for small businesses to meet these needs, including more flexible lease terms and turnover rents.

Perhaps one of the greatest positive impacts of lockdown in many places was the improved sense of community spirit. Well-designed public spaces which stitch a new development into the existing local area can foster social interaction and allow community connections to naturally develop.

Only time will tell which of our post-lockdown behaviours will stick and how they will translate into decision making and, ultimately, value. It is likely that rather than bringing about a revolution in how we live and work, the pandemic will instead hasten changes that were already in motion. But, with many using this as a catalyst to re-evaluate what they want from their homes and neighbourhoods, it is a chance for the development industry to respond and ensure that we are delivering high quality future places that are desirable, adaptable and resilient.

<sup>1</sup> Savills Client Survey April 2020

<sup>2</sup> Savills Office FIT Survey April 2020

# How has housing supply been disrupted as a result of Covid-19?

## House building levels

In the year to March 2020, there were 255,000 homes built in England according to the number of Energy Performance Certificates (EPCs) issued for new dwellings. Although, Government guidance allowed construction to continue during lockdown subject to social distancing rules, many builders stopped work and shut their sites until they could reorganise working practices. 42% of private residential sites had shut down by the first week of April, according to data from Glenigan.

The focus of construction in April was on completing homes already started and those reserved. New homes starts fell to just 5,000 across the UK according to NHBC, just 5% of the number started the same time last year. Just 25% of pre-Covid levels of housing delivery were completed in the month according to EPCs.

New home reservations could continue online during lockdown, but the easing of restrictions to allow property viewing from 13th May kick-started sales in both the new and second hand market giving confidence to builders. Adapting to social distancing practices on site and being able to work extended hours has also helped builders get back to delivering homes faster, albeit supply chain issues such as the shortage of plaster and plasterboard has restricted recovery. The overall supply figures for June and July are more positive than we might have expected with completions reaching 79% and 97% pre-Covid levels in June and July respectively.

The challenge going forward will be whether this recovery in housebuilding can be sustained given starts have slowed. Help to Buy is due to come to an end in its current form in March and higher unemployment is expected towards the end of the year as Furlough unwinds.

## Future for building homes

Private sale, affordable homes and Build to Rent will all have their part to play in delivery of new homes in the future.

### New homes for private sale

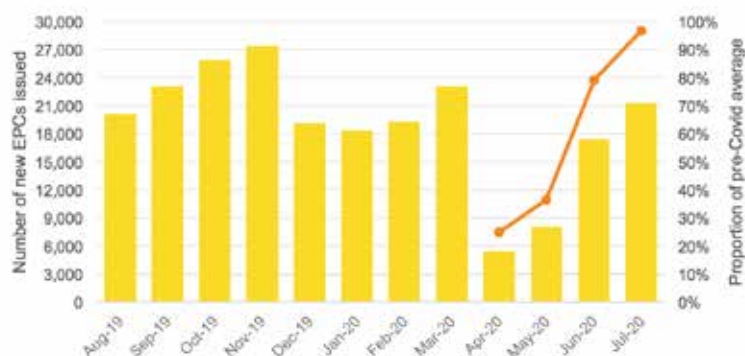
The demand for new homes for sale will be closely linked to the demand to buy homes across the market. A release of pent-up demand has triggered a huge rise in transactions in June and July, additionally supported by the stamp duty holiday, which will encourage those thinking of moving in the medium term to do so sooner. Whilst this is supporting the market in the short term, over the coming months and years the expected rise in the unemployment rate will impact perceptions on employment and financial security subduing buyer confidence. The stamp duty holiday will also come to an end next year putting a dampener on the market.

Historically, new build sales have accounted for around 10% of all sales. However, since Help to Buy was introduced in 2013, new build sales have made up an increasing proportion of all sales (currently c.15%). Under the revised Help to Buy scheme from 2021 to 2023 and beyond, if the mortgage market does not adjust, new build sales will take a lower market share. Additionally, if construction capacity restricts supply to less than the level of demand, then new build sales as a proportion of all sales may be limited until construction capacity can be increased.



**Dr Lucy Greenwood**  
Director, Residential Research Consultancy  
Savills

## New home completions in England and Wales



Source: EPC Register (England and Wales)

### New affordable housing

Grant funded affordable housing can play a significant part in increasing delivery, particularly in circumstances where incomes and employment are impaired by a downturn. The need for affordable housing in England is acute and therefore an increase in supply would be easily absorbed. Savills estimates that there are 96,000 households in need of sub-market housing each year in England through our own research<sup>1</sup>.

Affordable home ownership sales rates tend to move in line with outright sales rates, so contra-cyclical grant funding is likely to be most effective when applied to Affordable Rent and Social Rent tenures. Government has extended the current Affordable Homes Programme from March 2021 until March 2023 to allow for stalled homes due to Covid-19 to be completed and also reiterated its promise of £12.2 billion of grant funding over the next five years for the next Affordable Homes Programme.

Since 2012-13, an increasing volume and proportion of affordable home delivery has been through Section 106 planning obligations. This is the result of both a reduction in grant funding and an increase in the delivery of Affordable Rent though S106, at the cost of delivery of homes for Social Rent. By contrast in the 1990's and 2000's, including through the GFC, grant funding supported the vast majority of affordable housing delivery. As S106 affordable housing delivery is reliant on the private sales market, the delivery of affordable housing is far more exposed to market conditions than in the past.

In future downturns Government will need to find additional grant to support delivery of affordable housing or risk greater slowdowns in delivery than seen before.

### Build to Rent

Build to Rent will also play a part in future housing delivery, especially as tenant demand tends to be more robust than sales demand in times of economic uncertainty. Delivery of Build to Rent (BTR) homes, i.e. homes purpose-built for the private rental market, have increased substantially over the last decade and we are seeing more interest in suburban Build to Rent too. In 2019-20 11,420 Build to Rent homes were built in England.

There is significant investor appetite to expand this sector and there are currently 33,000 BTR homes under construction and a further 80,000 with planning consent. We estimate that BTR completions will continue to increase over time and international evidence shows that during periods of weaker buyer activity, investors expand their portfolios by acquiring single family homes and new build stock from developers. However, potential acquisitions and development funded by investors will be subject to location, product type and price points that are suited to demand in the rental market.

# Older People's: Housing

Earlier this year I took over the chair of the Retirement Housing Group; an association of developers, operators, advisory bodies and consultants involved with the wide range of specialist housing for older people. I was assured that chairing this group would not be a hugely demanding task but, with the pandemic raging, that turned out to be not entirely true.

There are 12 million people in the UK in the 65+ group and of those 400,000 live in care homes. Although many homes are unscathed by coronavirus the trials of the sector as a whole have been well publicized and must before long be the subject for a full enquiry. There is also though a much larger group of about one million older people living in other forms of specialist accommodation such as sheltered and extra care housing. It was with the welfare of this second group that RHG was particularly concerned at the start of the pandemic, seeking and disseminating advice on supplies of PPE and



<sup>1</sup> Savills Spotlight: Investing to Solve the Housing Crisis, Savills, 2017



# The Pandemic and recent Planning Changes

lobbying for the rights of the 70,000 care and support staff to be recognized as key workers with access to testing.

With these urgent objectives and the benefit of Zoom, RHG brought together a group drawn from the many other previously uncoordinated representative bodies in the sector, including the Home Builders Federation and the Association of Retirement Community Operators, to lobby the Care Minister, Helen Whately, in a series of calls which won her support, with the role of staff properly recognized for the first time and a statement that *“Retirement and Extra Care housing developments across the country - whatever their size, or whether private or not-for-profit – are playing a vital role in protecting the most vulnerable in our country”*.

This success in protecting older people is, at least on the basis of evidence available so far, very clear to see in figures from McCarthy and Stone, the biggest operator in the sector. Of their 438 schemes half had no cases at all and only two had more than two cases, while out of 20,000 elderly residents only 33 died. Compared to the 65+ group nationwide the number of deaths was half of what might be expected

and for the 80+ group just 15%. Cognatum, another major provider with 82 schemes and about 4,000 residents, had only 12 isolated cases and no deaths.

With influential supporters including former housing minister Mark Prisk, and with the proven success of specialist housing in providing a safe environment for older residents, we next lobbied the chancellor for a reduction in stamp duty to encourage would be down-sizers. In this too we met with success although it appears we may have been pushing at an open door.

Recently though things have taken a less favourable turn with the publication of the planning White Paper and an adverse High Court decision in the Rectory Homes case. With the White Paper we were deeply disappointed to find that there is not a single mention of the special housing needs of a group who in the next 20 years will make up 25% of the population. This is potentially a huge problem not just for the elderly but for the housing market as a whole. It is well-established that many older owner-occupiers still living in what were family homes would be keen to down-size if suitable smaller houses were



Richard Morton  
Director  
RM Architects

available but this will not happen if the planning system ignores their needs.

Developers of extra care and other forms of housing for older people have always struggled to compete for sites because of the high costs associated with the provision of communal space – up to 30% of total area – for dining, recreation, care and management, and planning policy needs to recognize this problem. Over recent years this problem has been overcome in many cases by an acceptance that schemes with significant levels of care provision should be classed as C2 and be exempt from affordable housing requirements. Moves to have this acceptance formalised by the introduction of a specific use-class for older people's housing have always fallen on deaf ears though and the White Paper shows no sign of a new approach. To make matters worse the recent High Court appeal judgement against Rectory Homes seems likely to shift all forms of housing with care firmly back into class C3. The proposed increase in the affordable housing threshold to 40 or 50 units does nothing to offset the damage this judgement could cause because extra care schemes, to operate efficiently must include at least 60 units, and because the raised threshold applies across the board, leaving specialist developers competing, once again, with general housebuilders whose costs are far lower.

There is of course a particular irony, just when the arguments for the expansion of specialist older people's housing have been so amply demonstrated, that any such expansion may be thrown into reverse by a single judgement and a major planning review that looks for a quick fix rather than addressing the long term needs of the country. I see a lot more intensive lobbying ahead for the Retirement Housing Group and the other bodies with which it has co-operated so successfully over the last six months.



# The future for high street retailing

When I took on the role of CEO at Revo in 2019, none of us knew that I would be joining the organisation in the midst of an international crisis that would put UK retail under the most enormous strain.

I have been involved in retail property throughout my career, both as a lawyer acting for retailers and as an owner. Like everyone who works in the sector, I was aware of the structural changes that were already at play for us. What I did not expect was the sudden and dramatic gear shift we have experienced since March 2020, change on a scale, I would argue, that none of us could have imagined.

Retail property, more than any other aspect of commercial real estate, features in the day to day lives of millions of people. For that reason alone, it merits our support and respect. Experiencing the impact of these last weeks and months on the sector has reaffirmed my resolve to be out there supporting everyone involved to the best of my ability.

Britain's high streets form the social and economic heartbeat of our communities. They provide a meeting place for casual social interaction and observation, create a sense of identity that binds people in supportive relationships and as such play an important unrecognised role in our happiness, wellbeing and sense of security.

There is 1.2bn sq ft retail and food and beverage space in the UK and of that, 80% is on traditional high streets.<sup>1</sup>

Covid-19 has placed huge strain on retailers and physical retail owners in our high streets, having endured Government intervention including over three months of closure and a freeze on landlords' legal recourse, the material costs of new safety measures and the accelerating impact of the pandemic on the growth of e-commerce. As at August 2020, there have been 5,632 retail store closures in the UK, resulting in 42,817 job losses,<sup>2</sup> and in the four weeks beginning 5 July, high street footfall was down 47% against previous years, notwithstanding the draw of hospitality having reopened.<sup>3</sup>

This trend is likely to continue in the medium term in any event, as the significance of online spend is unlikely to decline, as the business rates revaluation date is pushed out, as the UK endures recession and retailers with previously strong high street footprints, shrink their presence; with stalwarts like Marks

& Spencer and John Lewis shutting shops in a way, previously unimagined. There are knock on consequences for employment, largely women and local economies. Is the UK at risk of creating ghost towns with an evaporating physical shopping experience?

The estimated 25% oversupply of physical retail space in the UK ahead of Covid-19, caused by increasing business rates, declining footfall, wage increases and e commerce, has been exacerbated by the pandemic.

There is no doubt, these are as challenging times as have likely ever faced the retail and retail ownership market and no silver bullet exists to effect the scale of change needed. That said, crises present opportunities and there is every reason for optimism in the long term.

Government policy is now more supportive of high street regeneration as the creation of both the Towns Fund and the High Street Taskforce demonstrate, further evidenced by the Government's fundamental review of business rates and its planning reform consultation, for which Revo are campaigning vigorously. Retail and retail space ownership is a market that, with a supportive policy environment, has the energy and imagination to adapt and continue to attract strong occupier brands who will draw people towards the local social and economic benefits offered by physical retail in our high streets. These are some of the key factors which will play their part in determining the future of physical retail in the UK:

## Evolution of space

The purpose of space is to serve a need and as that need changes, the use of space must change also. Consumers have been liberated by online purchasing and the market has to provide a meaningful reason for visiting the high street. Alternatives such as 'pop ups' and local markets demonstrate the immediate adaptations to the use of retail space providing occupiers with the freedom of short-term exposure and consumers with the variety of 'here and now' shopping. For the longer term, examples



Vivienne King  
CEO  
Revo

are already in place showing how retail space can be creatively reimaged to serve community needs with a mix of workspace, leisure, exhibition, hospitality, media and home – as well as retail. With creative thinking, high street retail will encompass this exciting and eclectic variety of goods and services and as such will endure and remain a key part of our everyday lives.

The real estate industry recognizes the role of the built environment on social value and recognizes the need for places to be designed with the customer in mind.

Different geographies have different needs and the use of space must reflect those needs if they are to be effective; there is no cookie cutter answer to successful locations and consultation with the users of place in those locations is key to establishing what will be useful, valued and successful. It's in this context that this year Revo published a new Social Value Framework to guide property owners as to how to track and measure their success addressing local needs.

## Level playing field for online and physical retail

The uneven playing field between online and physical retail space has been exacerbated through lockdown with e commerce open and gaining ground and bricks and mortar closed for all but essential goods. With the materially lower costs of occupation experienced by pure online, specifically with the exponential impact of business rates on physical retail, equalisation between online and offline is long overdue.



How that manifests itself requires radical political policy thinking, but this Government has demonstrated its appetite for radical thinking.

Equally, although high street footfall is down on last year, the surge back to stores following re-opening evidencing a pent-up demand for the experience of bricks and mortar shopping, gives every reason to be optimistic. Could this be indicative of a fatigue with the functional nature of online shopping, the risks of online stock availability and suitability, delivery delays and the carbon footprint of deliveries? The opportunity exists for physical retail to leverage this evident enthusiasm for physical retail in the right circumstances. For so long as physical retail can offer products and experiences that the internet cannot, the market, as well as Government, has the confidence to be levelling the playing field.

## Webrooming and showrooming

With a few notable exceptions, omni-channel has increasingly become the norm for previously exclusively physical retail. Most retailers have adapted successfully to an omni-channel environment, combining the best of ecommerce and the physical store with technology blurring the boundaries between online and offline retail. Research estimates that, prior to the pandemic, 29% of online sales touch a physical store, with just 14% of UK retail sales conducted purely online.<sup>6</sup>

'Webrooming' is the term being used to describe consumers checking out products in store after considering them online and 'showrooming' is the opposite - products are viewed in store before being bought online. Progressive physical retail recognizes its role in recruiting customers on the high street in order to drive them to digital platforms and vice versa. It could therefore be said that online buying would be prejudiced by a loss of physical retail and the future is a mutually supportive environment, that responds to customers' changing demands.

## Behavioural advantage

Retail therapy isn't a new concept and the positive psychological benefits of browsing in physical stores has science behind it<sup>7</sup> drawn from the experiences of the ideas, touch, feel and see of physical retail which offers the opportunity to 'vicariously' own and build loyalty for an item which is in itself a rewarding

experience. From an economic perspective, browsing also offers the opportunity for serendipitous or impulse buying which provides excitement to the consumer and drives revenue for stores and investors.

Successful retail of the future has been described as providing an experience that will...speak like a magazine, change like a gallery, sell like a shop, share like an 'app', build loyalty like a club and entertain like a show<sup>8</sup>. See Nike 'a powerhouse of experience – driven retail'. Prior to Covid-19, progressive retailers and retail owners in our high streets recognised the rapid changes taking place in our retail landscape and were cultivating a software driven and experiential offer, to replace a purely functional offer, designed for the consumers of our digital age. Sustainability, conscience, loyalty, lifestyle and emotional connection are being described as what creates competitive advantage for physical retail of the future.<sup>9</sup>

## Investment into UK high streets and town centres

The current economic crises will accelerate the restructuring of the retail ownership industry.<sup>10</sup> A combination of the structural change in retail, the high occupancy costs, the neutering effect of Government intervention in owners' powers and the impact of the recessionary economic outlook on consumer spending has taken its toll on investor appetite for UK retail, particularly outside the capital. A recent study<sup>11</sup> recorded 85% of survey participants expecting retail rents to drop in the current quarter with secondary retail rents falling by -14% and prime declining by around -10%. The 12-month capital value expectations are negative for retail.

The positioning of the UK's high streets for the future will require capital investment and commercial real estate and retail must be able to demonstrate its value in order to attract that investment. The challenge is how to define the value of a place today in a system which is based on how it was valued yesterday, or how its neighbour is valued, with a transacting model that is now over half a millennium out of date. Despite the advantages of political stability and rule of law offered by the UK, the retail property market, operating on an antiquated business model, is looking increasingly out of step with global competition. Arguably, this

approach has created tension rather than collaboration between economic partners to the extent for example that transparent trading figures are only reluctantly, if ever, shared between occupier and owner where elsewhere in Europe that is the accepted norm.

However, a fresh wind is blowing through the retail property sector, recognising the need for all participants to change the way they do business and those with the foresight are embracing the change, notwithstanding the inevitable challenges it presents. If we are to engage investment into our next generation high streets and town centres we all need to engage next generation models of transacting.

We know the UK economy, facing recession and consequential unemployment, will impair consumer spending in our high streets and that lockdown has accelerated the rise of ecommerce. Nevertheless, it remains the case that with over 70% of goods continuing to be bought in physical stores,<sup>12</sup> the appetite for shopping places remains strong. But we cannot stand still. New ways of meeting consumer demand and sustaining an investable market are vital if physical retail is to retain its hold.

High streets and town centres have a vital role to play in our economic recovery and moreover, offer the fabric of the places where we want to be, to meet and to enjoy. We achieve most when Government, local authorities and the private sector work together, and enabling this collaboration is part of Revo's core purpose.

This is a challenge we embrace with energy and we will continue to be bold in harnessing the opportunity to ensure our high streets are equipped to serve the social and economic needs of future thriving communities, as well as the broader success of the UK.

<sup>1</sup> 'Who owns retail real estate in the UK', EG / Radius Data Exchange, May 2020

<sup>2</sup> 'The Crisis in Retailing: Closures and Job Losses', Centre for Retail Research

<sup>3</sup> 'Footfall drops almost 40% despite hospitality reopenings', Retail Gazette, August 2020

<sup>4</sup> 'The Retail Equation', JLL, 2018

<sup>5</sup> 'Re-Imagining Retail', Savills, 2020 & 'Re-Imagining Empty Retail Space', Landsec and JLL, 2020

<sup>6</sup> 'Tomorrow's World: Retail on the line', Revo, 2018

<sup>7</sup> Peter Noel Murray, 'How Emotions Influence What We Buy', Psychology Today, February 2013

<sup>8</sup> Ibrahim Ibrahim, 'The Future of Retail: The New Metrics of Winning', 2016

<sup>9</sup> Ibrahim Ibrahim, 'The Future of Retail: The New Metrics of Winning', 2016

<sup>10</sup> 'Reshaping Retail' Urban Land Institute, March 2020

<sup>11</sup> 'Q2 2020 UK Commercial Property Market Survey', RICS, 2020

<sup>12</sup> 'Retail Sales, Great Britain: July 2020', ONS, July 2020



# The Future of

There is no doubt that the coronavirus pandemic has had a significant impact on real estate, and in particular, retail. The global economy has been plunged into crisis and retail has been one of the highest profile sectors to suffer. Slowly shops have started to reopen, and businesses are looking to the recovery phase of the crisis; however, there is still a great deal of uncertainty and a long road lies ahead.

We have seen some significant casualties over the last few months. Many of these retailers were businesses already in trouble before the UK went into lockdown, and coronavirus was the tipping point. Landlords too are not immune, as demonstrated by the collapse of Intu, which went into administration in July with debts of £4.6 billion. With retailers shutting stores, restructuring or simply refusing to pay rent, landlords are under pressure. Moving forward, open dialogue and compromise will be key. Tenants, landlords, and banks will all need to compromise to some degree to prevent further business casualties.

## Codes of Conduct

In July, the Government published a temporary, voluntary and non-binding code of practice to encourage fair and transparent discussions between landlords and tenants. Currently, this code will apply until 24 June 2021. Essentially, it advocates that if a party can pay then it should, and if a party cannot pay in full, then it should pay what it can. Landlords are encouraged to react sympathetically to a tenant's financial constraints where possible. Traditionally, landlords and tenants have been very reluctant to share information and data - especially financial



# British Retail in a Post-Pandemic World

information. The new code of conduct encourages quite a different landlord-tenant relationship, one which relies on compromise and collaboration. We're seeing landlords and tenants having to negotiate. Concessionary rent arrangements are being made, such as rent freezes, rent free periods, reduced rents of up to 100%, and a switch to turnover rent or alternative rent periods. These rent arrangements have become commonplace as a result of the pandemic and are likely to continue for some time yet.

## Government Intervention: Support for Tenants

Several measures have been introduced in England for tenants including VAT deferral, business rates relief, and a grant fund in some instances. For certain businesses such as shops, leisure and hospitality outlets, the Government have eliminated business rates for the 2020/21 tax year, a substantial cost saving for tenants. A retail, hospitality and leisure grant fund also provides a one-off grant of up to £25,000 for each eligible property whose business rates value is less than £51,000. Designed to help out smaller stores, it is more likely to apply to those outside the prime retail areas where the rateable value is lower.

## Government Intervention: Limits on Landlord Enforcement

Limits on landlord enforcement has been an ever-changing area over the last few months. A number of recent statutory measures have been introduced to help tenants. Under the Coronavirus Act 2020, landlords are prevented from forfeiting business leases for

non-payment of rent until at least 30 September 2020 (with scope for extension). Rent includes anything reserved as rent, which is usually insurance rent and service charges. The Tenant does remain liable for the debt in due course and any interest will accrue on the unpaid sum. The Corporate Insolvency and Governance Act 2020 temporarily bans the use of statutory demands until 30 September 2020 and winding up petitions against tenants are also prevented, again until 30 September, if the business cannot pay their bill as a result of the coronavirus crisis. Commercial recovery of rent arrears (where a landlord can enter the tenant's premises to seize goods to sell for the value of any outstanding rent) can now only be used in the event of rent overdue by 189 days or more. A deal done now to help ease a tenant's short-term financial pain may help avoid, or at least delay, the need to engage an insolvency rescue procedure (such as a Company Voluntary Arrangement) that the tenant might otherwise have felt compelled to fall back on.

## A Changing High Street

From 15 June, all non-essential stores were permitted to reopen in England on the proviso that they follow Government guidance to keep staff and customers as safe as possible. Protective measures now include the mandatory wearing of masks for customers, social distancing, and increased cleaning of stores and products. Despite these measures, footfall is down as compared with last year and this is having a noticeable impact. Stores such as T.M. Lewin announced the closure of all its UK stores and a move to an online-only business model. Rising numbers of retailers are going into administration and many

have already closed for good.

Looking forward, it seems that the most resilient high streets will be those that combine shopping and leisure; in other words, places where people choose to spend their time. Developers and urban planners are already planning for a post-pandemic future, designing spaces and planning to redevelop city centres to allow for social distancing and changing consumer habits and needs. Greater outdoor space, one-way systems, an increase in al-fresco dining and drinking, and permanent furniture to enable customers to sit whilst they queue are all set to feature. In more valuable locations, the crisis is also likely to quicken the pace of obsolescence and repurposing of assets for other uses, such as residential and logistics. The pandemic has also accelerated pre-existing trends, notably a shift towards e-commerce. Online sales increased by 40% between May 26 and June 1, when compared with the period between 24 February and 1 March. This surge in online shopping is expected to add £5.3 billion to UK e-commerce sales this year to make a total of £78.9 billion and has increased both short- and long-term demand for industrial real estate properties that allow companies to deliver orders faster by being closer to their customer base. Retailers will need to either increase their online presence and focus on customer service and delivery to better compete with existing online competitors (such as Amazon) or provide a personal service which cannot be offered online. Longer term, real estate's central role as a location for socialising is unlikely to diminish, whether that be for leisure-based retailing or eating out. We are social creatures and demand for such space is

likely to rebound as the crisis eases and spending power improves.

It remains to be seen how retail and leisure tenants and landlords will cope in the long run. As consumers remain hesitant to spend in an uncertain economic climate, and their spending habits change, retailers will need to adapt and re-strategise. There will be growing pains, and with footfall down not every landlord will be able to shoulder a backlog of unpaid rent. Key to a fighting chance of survival will be compromise, adaptability, and on-going dialogue between both landlord and tenant.

It is clear that for some time yet, retailers and landlords need ongoing governmental support. However, the government finds itself in a difficult position. If it extends the restriction on landlord enforcement beyond its limit of 30 September, then more tenants may be able to survive beyond the current crisis period. Conversely, limiting the ability to recover unpaid rent (in some cases from relatively robust tenants who are perhaps in a financial position to pay) places landlords in turn in a vulnerable position - and many landlords are local authorities and pension funds on whom the wider economy heavily relies.



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# Covid-19 clauses: the shape of things to come

Slowly but surely, Covid-19 is changing the shape of the real estate sector across Europe. As transactions incorporate terms made necessary by the immediate crisis, we are on the cusp of seeing risks rebalanced for the longer term. Underlying the shift are two fundamentals, both present to some degree or other in real estate transactions across Europe.

## Force majeure

The first is the law on *force majeure* – the concept that an event outside a party's reasonable control can be expected to affect (maybe even release) pre-agreed contractual arrangements. Many European jurisdictions have codified some version of this, creating contracting environments that understand the principle of release in extraordinary circumstances. Nonetheless, while they often provide a helpful backdrop, helping to bring counterparties to the table for (re)negotiation, *force majeure* events are generally strictly interpreted. Additionally, parties are often able to amend or contract out civil code provisions altogether. For example, the Austrian Civil Code provides for rent reduction in the event of an epidemic, but there is no confirmatory case law. In the Ukraine, the quarantine restrictions are defined by regulation as a *force majeure* event, but parties must justify each instance of default by respective certificate.

In Germany the term *force majeure* is not uniformly defined and therefore remains subject to interpretation by the courts. In the absence of statutory regulation, a *force majeure* event only results in concrete legal consequences when the relevant agreement contains an effective *force majeure* clause. Where it does, there are basically two scenarios: either the contract is automatically terminated or the obligations are suspended for a certain period of time and reinstated after the end of the event.



Lauren Fendick (Honorary Secretary of CULS) and Dr Alexander Peinze, partners in Taylor Wessing (based in the UK and Germany respectively) explore the introduction and rise of Covid-19 clauses in property agreements. First published in the EG on 14 July 2020.

There is, meanwhile, no implied statutory concept of *force majeure* in England and Wales. Depending on industry convention and bargaining power, parties must draft expressly to include it in a contract, and in a real estate context this is extremely rare.

Our limited common law construct of frustration – which serves to terminate a contract at the point of a frustrating, faultless event – has little applicability in the real estate sphere; we've long known that it is virtually impossible to apply the doctrine to leases or land contracts. Even Brexit wasn't sufficiently frustrating for the European Medicines Agency to extricate itself from its rental obligations to landlord Canary Wharf Group last year: *Canary Wharf (BP4) T1 Ltd v European Medicines Agency* [2019] EWHC 335 (Ch); [2019] EGLR 17.



## The balance of risk

This leads to the second fundamental – the traditional balance of risk in commercial real estate. In a sale and purchase contract, risk generally passes on exchange, notwithstanding the difficulty a buyer often faces in walking away from a fundamentally changed deal. Standard commercial leases are meanwhile structured as tried-and-tested investment vehicles. Full repairing and insuring (FRI) leases are well-established in England and Wales, and equivalents exist across many other European jurisdictions. They seek to provide landlords with a clear income stream akin to equity returns, in the form of (usually) quarterly rental payments collected on top of the running costs involved in owning, managing and insuring the property itself.

## A laissez-faire approach

When the pandemic hit, many European governments responded by calling for a controlled halt on lease enforcement. The British government enacted a moratorium on the use of forfeiture when rent was not paid and equivalent bans found their way into law across Europe. In Germany, a law enacted in March excluded the landlord's right to terminate a lease if a tenant failed to pay the rent for the period between April to June 2020 due to the pandemic. Here, the obligation to pay rent and service charges remained, but was deferred for a maximum of two years.

However, there is little agreement when it comes to how long this approach should last. The German legislator did not see the necessity to extend this protection against termination beyond June 2020. By contrast, the moratorium was recently extended in England and Wales to take in the next quarter, but even those tenants taking grateful advantage of the respite wondered what would happen next as the debts mounted.

The British and German governments' approach to this conundrum is to preserve the sanctity of contract, asking, politely, that parties "work together to protect viable businesses". The UK Treasury's advice has now been bolstered with a new Code of Practice that stresses this, leaving landlords and tenants to pick up (a) the phone, and (b) the pieces in court, if they can't find an amicable solution while rental liabilities stack up. Likewise, in Germany the leading associations of retailers and investors developed a code of conduct for rental issues caused by Covid-19. In a bid to bring about an appropriate distribution of risk, it suggests a rent reduction of 50% for the closure period and a lower value for the following three months. Currently, many legal commentators and lawyers rely on the concept of "loss of the business basis", ie that the rent should be adjusted on the grounds that the basis of the lease had ceased to exist.

The seemingly laissez-faire approach from the authorities is not necessarily a bad one. Real estate is necessarily built on relationships, and these hold the key to survival in the symbiotic world of landlord and tenant, even buyer and seller. It is in everyone's interests to prevent huge rental debts accumulating and keep businesses alive into the longer term. Moreover, this approach is leading, on a micro-scale at least, to some creative risk rebalancing that might just, if it takes off, see the sector flourish in the brave new post-pandemic world.

## Covid clauses

At the start, with a lockdown followed fast by the industry-standard rental payment date (the March quarter date), landlords across Europe were minded to offer concessions to the

way rent was paid or collected. Preferring the certainty such an agreement could offer, in England and Wales many quarterly bills became monthly liabilities to ease cashflows, or were postponed altogether, to be picked up later in the year on specific dates. In Germany, many landlords made significant concessions to their tenants during the second quarter of 2020 to help them survive the crisis; and it looks as if they are inclined to continue during the third quarter.

Now, despite being embroiled in the current crisis, the real estate sector is turning its attention to the threats of the future. Of course, many spotted early opportunities for quid pro quo arrangements. Lease term extensions have been negotiated in return for immediate payment concessions, for example. With the benefit of breathing space, the industry is becoming more alive to the concept of more impressive "Covid clauses", and the impact on that traditional risk balance is huge. It might be too early still to identify market-standard drafting, but it does seem that the sharper edges of risk allocation are starting to blur.

Unsurprisingly, for contracts for the sale and purchase of property (as well as agreements for lease with development obligations), Covid clauses generally amount to variations on a theme of *force majeure*, as parties consider the triggers and extent by which a contract can be delayed or even set aside as a result of a pandemic affecting completion. These clauses adopt features common to other commercial *force majeure* clauses, such as notification and mitigation requirements, and/or evidential hurdles.

The picture is more complicated in a letting environment. Parties in vulnerable sectors such as retail are asking for extraordinary rental concessions to be repeated if, or when, the next pandemic crisis emerges. These Covid clauses might be time-limited, or require insurance options or government support packages to be exhausted, but it doesn't necessarily matter where that crisis is, when business continuity depends on global supply chains.

Across Europe, the risk-sharing principle is gaining traction, particularly in sectors where businesses depend on footfall and are particularly vulnerable to lockdown. In England, Wales and Germany, turnover rents seem to be making a cautionary comeback. Calculating whole turnover in a bricks-and-mortar environment can be problematic now online sales have taken hold, but it is beholden on the retail and F&B/leisure sectors to get creative. Similarly, tenants are looking for increasing flexibility on sharing space.

Of course, not all sectors have been affected to the same degree, but landlords with large investment portfolios might well spot opportunities to trade Covid clause concessions for amendments to existing letting arrangements that support their seemingly unconnected property management ambitions.

With growing industry concern about environmental, social and corporate governance, for example, landlords might bolster their sustainability benchmarking by inserting new leasing reservations, or future-proofing existing alterations covenants to deal with changing requirements on energy efficiency standards.

The Covid clauses incorporated today look set to have a massive impact across Europe on real estate in the long term, in particular on the world of leases. The timing could be right, as the sector looks to drift towards new models of letting, with shorter terms, turnover rents (and even profit share arrangements) for certain sectors and increased services provision by landlords. Indeed, landlords and tenants increasingly adopt a lexicon of collaboration when it comes to building occupancy and, at the heart of these new partnerships, is an understanding how risks could be managed together, to enable longevity for all. One way or another, it looks like the effects of Covid-19 are here to stay.





# The Impact on Rural Property

**C**ovid-19 has fundamentally transformed aspects of life that prior to March 2020, many of us never thought would change. The long term impacts of the UK's 'new normal' are far reaching, and for the rural sector present significant opportunities, highlighting the role that a thriving rural economy has to play in addressing many of the future socio-economic and environmental challenges society faces.

The frenzied stockpiling at the start of the pandemic quickly revealed the fragility of our supply chains and just in time food system. For producers, there was a two pronged effect, as the food service industry shut down whilst supermarket demand rocketed, which meant that parts of the sector had to undergo rapid restructuring to survive while others suffered. The resilience of farmers in the face of labour shortages and intense market volatility reinforced their key worker status, and highlighted to the public the often forgotten issue of domestic food security.

In the longer term, many farm shops and local produce retailers have strengthened their position by demonstrating the benefits of shorter and more direct supply chains throughout the pandemic. Combine this with the public's renewed interest in home cooking - the empty flour shelves a symbol of locked-down sourdough enthusiasm - and there is an obvious demand for local produce, inventive delivery and collection models, and a clearer understanding of provenance. Looking ahead, if the resilience and innovation that the food producing sector has shown can continue to be built upon, alongside changing public attitudes, the future for Britain's produce, and its essential contribution to both rural and urban economies, looks very bright.

As people have been locked inside there has been growing appreciation for the great outdoors, from home-growing vegetables to noticing nature to moving to the countryside. There has been an increased demand for a rural lifestyle and internet searches for words like farm and estate have risen around 50% of pre-covid levels. The normalizing of remote working has presented people with the opportunity to reassess their work-life balance, how they want to live and where. Savills sentiment surveys

indicate that buyers are much more focused on outdoor space, access to good broadband, and space to work from home. The demand for rural residential property provides an opportunity for those with underutilised rural spaces to consider how best to optimise their land. It is likely that this rural reconnect may generate greater investment in countryside infrastructure, reinvigorating communities and reimagining rural spaces that previously have been overlooked.

At the height of the pandemic, rural property that relied upon diversification was hit hard by lockdown. However as restrictions have eased, many businesses have boomed back into action, driving regional economic recovery. The rise of the 'staycation' and the upsurge of camping holidays across the UK has helped many with farm stays, campsites and holiday lets recover from covid disruption. The enterprises that have been able to best adapt to meet social distancing requirements, whether that is through offering a cut-back, bespoke service, or hosting small-scale events, have enjoyed the most success. In a society now anxious of close contact and confined space, outdoor areas are incredibly sought after, offering a plethora of business and investment opportunities.

An area that may see considerable growth in the long term and which will require inventive re-imagining is that of rural office space. The rise in work-from-home culture and desire for a rural lifestyle may result in demand for a new type of commercial office, similar to the flexi-work models on the rise in urban centers. A space to connect and discuss in real life, but not needed every day of the working week. Savills backed flexi-space provider Workthere predicts a rise in the demand for suburban flexible offices in both the short and long term, as a result of the pandemic. Another repercussion of the virus is that online shopping rates have skyrocketed, highlighting the increasing demand for warehouse space and distribution centers. As the market around deliveries is set to grow, logistics companies are increasingly looking to invest in strategic land.

Finally, as Britain faces the challenge of fixing a virus-induced recession, it is important to glance to the bigger picture of the UK's legally binding net zero

emissions target of 2050. As economies halted during lockdown, the climate-defining emissions that come with unsustainable economic growth rapidly plummeted (the UK's carbon emissions fell by 36% in the first four weeks of lockdown compared to 2018 figures), however as the economy ramps back up, so too have emissions. The government have signaled that they intend to use this post-pandemic opportunity to cleanly and greenly restructure. Within this political shift, there is a reframing around the value of rural land - from the perspective of the climate agenda, rural land is no longer solely about calorie production, it is also the key to unlocking many climate change solutions, through natural carbon sequestration and low carbon farming technology. These solutions present land managers with opportunities for external investment as well as increasing internal business resilience.

From a property perspective, Covid-19 has highlighted the resilience of the UK's rural sector and the diverse range of business opportunities available to land managers. There are seismic shifts ahead for rural property in terms of agri-environmental policy, however for those able to innovate, tap into emerging trends, and leverage the inherent environmental and social value of their land, the future looks exciting.



**Emily Norton LLB, MSc**  
Director, Head of Rural Research, Savills  
Trinity Hall (1997-2000)



# From Resilience to Reimagination

From Resilience to Reimagination is quite a challenge since after the events of the last twelve months without a fair amount of resilience, reimagination may not be much immediate help. From my somewhat unusual perspective on the World in general and Real Estate in particular I do not think it will be possible to look back on these times and completely separate out COVID-19, Brexit and changing technology. The reason is that Brexit is more than simply leaving EU and life continuing as it was before, which technological change means won't happen anyway.



Lord Richard Inglewood,  
Hutton-in-the-Forest,  
Trinity (1969 – 1973)

The political events of Brexit were - and this is by no means only my personal opinion - very little caused directly by the EU per se, which became a lightning conductor for a whole range of other social complaints to do with being left behind and unfairness and societal alienation as opposed to injustice in a legal sense. The Fat Cats had got fatter, caused national economic catastrophe in the Crash of 2008, then got fat again 'putting things right' while the rest stayed lean. This was the reaction.

Boris Johnson's response

has been populism, with which he hijacked the Brexit process. This is no doubt the logical cynical party-political response in these circumstances. It despises traditional checks and balances, the rule of law, and the role of Parliament and, no doubt, their rationale and relies instead in 'boosterism' at least as much as analysis and logic. One of the big questions must be whether that will turn out to be sustainable in a world where COVID 19 economic fall-out is exacerbated by the disruption of technology and dislocation of Brexit. Time will show, and I dare say the

answer may depend upon whether in the new world the UK, in the last analysis, turns out to be a 'Buyer' or a 'Seller'. That in turn may also be crucial to whether the UK itself remains a single entity.

From my perspective as an almost superannuated member of the House of Lords and someone involved in various different ways with rural land, the Agriculture Bill currently in front of Parliament is very much in the foreground. It represents a generational change in the administrative and policy framework of this sector, but whether it represents a policy



revolution as many of its advocates claim so confidently, I am not so sure. The CAP and its rationale was so misrepresented that it is almost impossible to find an even-handed assessment of its achievements and shortcomings bearing in mind what it was trying to do. What is certain, to o, is that everywhere, be it in Europe, in the UK or elsewhere there is a changing perspective of the role and importance of our rural areas. Much of this goes back to the Green political movements of the 1980's and 1990's which owe much of their genesis to continental Europe.

The current ongoing discussion of the Agriculture Bill in the House of Lords (I am writing this in late July) is very long on generalisation and sentiment and more or less devoid of hard fact. I suppose it is quite similar in that respect to much wider economic debate. Unless and until you are clear exactly what you want, and the Government isn't, that, I think, is inevitable. The Bill is in reality a very general prospectus around which the substance will be inserted much later. As ever the Devil lies in the Detail, which we do not know now, and in some cases that may come too late, for parliamentary deliberation and scrutiny.

For hundreds of years agriculture has operated in a regulated market place which has different rules from most others. One of the consequences of this is that taken across the piece the financial rewards from farming tend to be less, pro rata than from most other forms of business (I do not define growing houses as an agricultural crop). Successful farmers do not make money on the same scale as successful hedge fund managers or even commercial chartered surveyors, and it is no part of my case that they should.

In some ways, therefore the Rural Economy is inhabited by those who have been 'Left Behind' rather like those in the North. There are, of course, millionaires to be found in Manchester just as there are in the deepest countryside.

As I have said, one of the problems about the debate on the Agriculture Bill is that there has been no real analysis of the detail of the character of the underlying economics. Now traditionally there has been a tendency to scoff at farming subsidies, but in fact the Basic Payment Scheme was public money paid for a public good - farming. After all whatever the state buys for whatever reason has to be paid for, be it Trident submarines or the NHS.

In the past farming was seen as a public good in itself. It was not described that way, but that was the reality. It was

supposed not only in the UK, but also elsewhere too, that, on its back, all kinds of other benefits to both urban and rural Britain would follow. It didn't quite turn out that way, and that point of view is now discredited.

Now it appears that more or less everything has been turned on its head. In the future the public goods which will be paid for will be anything but producing food which will be sustained by income from the market place and becomes a kind of afterthought.

Quite apart from the particular problems this may pose, that the public goods you want may not be forthcoming at the price, or insufficient home grown food is produced, there is an additional problem posed by COVID 19, which is exacerbated in areas such as Cumbria, where I chair the Local Enterprise Partnership. Here the existing agricultural community is very much entwined with the Visitor Economy. Traditional agriculture has been relatively mildly affected economically by the COVID 19 pandemic while the Visitor Economy as is well known has been extremely hard hit. In areas such as the one in which I live the relatively weak condition of farming has propelled many into the Visitor Economy, and these hybrid businesses, if I can describe them that way, are generally not financially robust.

I know from my work with the LEP that many businesses are not going to recover, and with them will go livelihoods and jobs. Restoring the National Finances is going to be very far from easy. How is it going to be done without the national cure killing the survivors of the illness? To me that is the real challenge facing Rishi Sunak. It is said that Dominic Cummings believes in the virtues of creative destruction, well we are having more than enough destruction, what is required is creativity leading to creation.

In circumstances such as these, those who do well are often criticised as those 'who made money out of the War'. As long as it is not 'ripping off others' I say good luck to them; there are though plenty more, probably very many more, who won't.

The glib political response is that we must be agile. I am, however reminded of a presentation I heard recently from the MD of a well-known very expensive, very fast car maker, who extolled her company's product because it was 'agile', a euphemism for its ability to cruise at vastly over the speed limit. This kind of approach is generally unhelpful because while it may assist a few, it will not help the rest of us. Instead of that, the basic

approach needs to be pragmatic, some might say dull, because it is the lessons of practical commerce not high-flown economic and political theory which hold the key to clawing our way out of our current predicament.

This takes me back to the Agriculture Bill, which as I have said is long on emotion and short on detail. The vision for a future countryside is not a bad one at all, but to achieve it sensibly is going to require quite a bit of public money to secure the sought-after public goods, not least because change is invariably expensive. I have always maintained that actually to do this may cost more money than has been spent in previous years, because the focus of agricultural spending over past decades has mainly been on cutting costs.

The Agriculture Bill, like a number of recent pieces of legislation also tinkers with Landlord and Tenant Legislation. It is I suppose inevitable that this will always be an object of politicians' interest since landlords and landowners have been unloved since the beginning of time. If you look across the whole spectrum of land tenure in England, it is not quite the same in Ireland and Scotland, it is interesting how over the Nineteenth Century the political drive was to get rid of the complications of vestigial feudal arrangements and copyhold, and to establish arrangements based on ownership of the fee simple and contract (leasehold). During the second half of the last century and today it is increasingly felt, rightly or wrongly that not contract, but detailed statutory provisions should determine how an occupier and user of someone else's land should do that. In short, a variation on copyhold is being re-established under a different name. In the Agriculture Bill various changes are contained which recalibrate a landlord's relationship with an agricultural tenant making the arrangement more like copyhold and less like an economic partnership.

And then there is the question of land values. It is a curiosity, but clearly empirically true that the price of rural land does not directly correlate with its productivity, its returns or even necessarily with its potential amenity. This, at least, I expect will continue to be true as may a tendency for politically inspired social engineering to get in the way of wealth and job creation. So perhaps at least as far as rural land is concerned in this respect, even if not in others, we shall be back where we started.

# Raising the bar: Building resilience in healthcare and cities

First let's discuss healthcare. The resilient coating to many services has been consumed, removed, having been defined as non-essential when it was not being used.

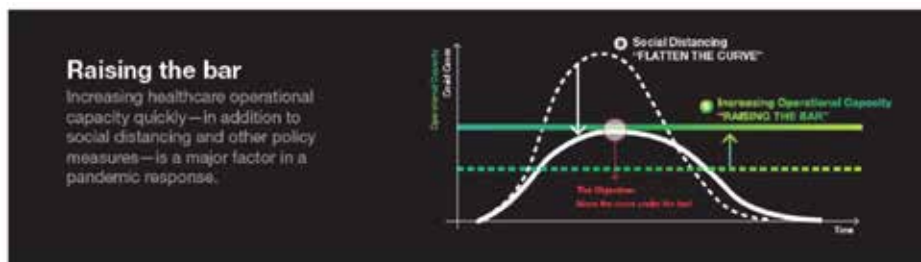
There is a drive to add a resilience doughnut back around the whole system. Resilience though is not necessarily a justification for buildings sitting by idly, as even with these there is no guarantee that we could ever provide facilities which would cope with any possible scenario. It does however require a degree of foresight into what might happen, or at least the magnitude of what might happen without the specifics.

We need a two-fold approach to achieve this

- 1- Expand current capacity to achieve better outcomes (getting value through the reduction of future healthcare and social burden)
- 2- Provide a system of accessible flexible temporary facilities



**Geoff Southern**  
Associate Director, London UK  
IBI Group (Architecture & Technology)



This raises the bar as high as it can go, and minimises the degree of flattening of the curve required (with its associated economic downsides).

We can use data to predict these impacts by produce a parametric capacity model which allows decision-makers to effectively plan their responses to the any crisis based on projections and data.

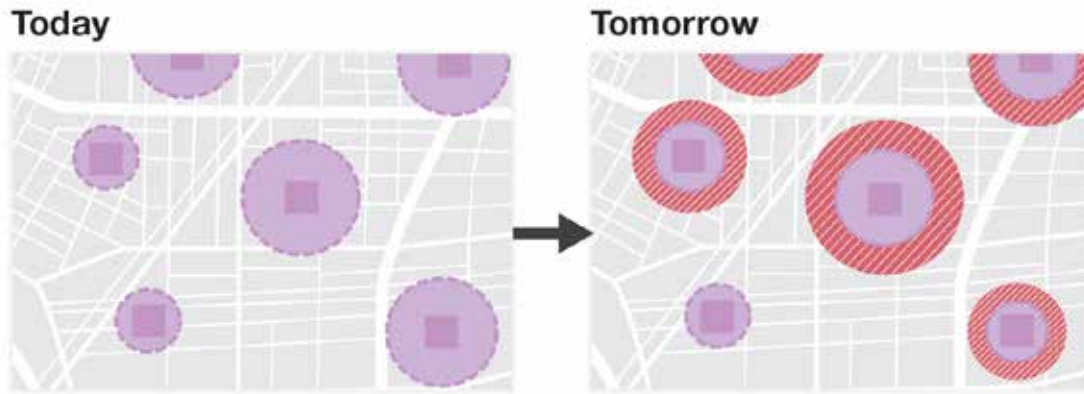
We can (sequentially)

- analyse trends

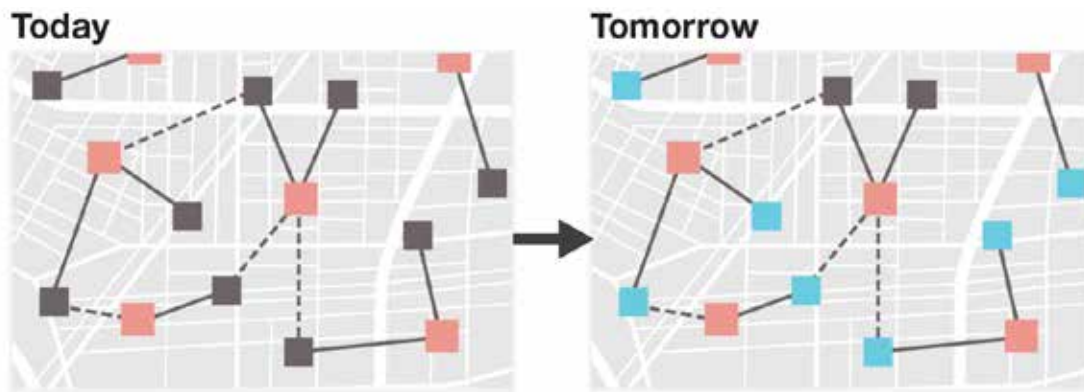




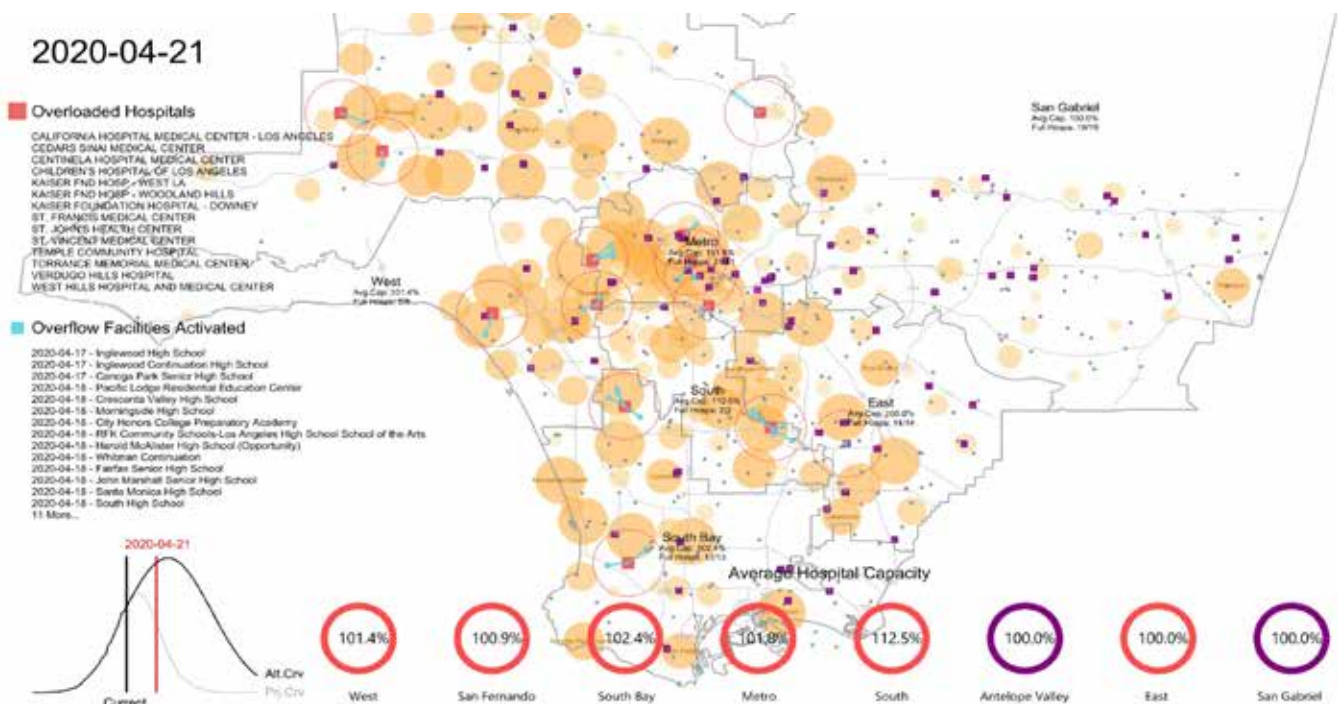
- understand capacity (compared to trends)



- connect to adjacent facilities (compared to capacity)



The flexibility of the model allows additional layers of data (masks, oxygen, ventilators, staffing, etc.) to be included quickly — in minutes or hours, rather than days, and it can be used to create custom curves to simulate alternate “what if” scenarios, changing severity and timing as needed.



By layering the projected spread of the virus with the future capacity of healthcare facilities, decision makers can provide informed, evidence-based solutions.

This model of analysis, understanding and connecting can be used far beyond healthcare though.

Developing flexibility in the office market, in retail or in the use of public spaces could all be influenced by this parametric processing. The question is will we be as willing to accept it, as we have been to allow CCTV into our lives?



# The Impact of Covid-19 on Primary Health Properties PLC

**What a year 2020 has been and it's not over yet! It seems that no aspect of our lives has been untouched by Covid-19 and healthcare itself is no exception.**



**Harry Hyman**  
Managing Director  
Nexus Tradeco Limited

**P**rimary Health Properties PLC (“PHP”) the company I founded in 1995, has been a resilient performer. The Group which owns 510 medical centres with an average value of just under £5m each has had resilient cash flow. Around 90% of the total rent roll of £135m comes directly or indirectly from the British or Irish government via their respective health care systems. On the back of this resilient cash flow and the ability to carry on with our dividend policy, there has been substantial demand for our shares and we completed an accelerated book build in early July raising £140m for future expansion. Our market cap is just on £2bn, putting us in the top half of the FTSE 250, and we now have more than

£400m of firepower to help with the task of modernising primary care infrastructure both here and in Ireland.

During this period we too have been very happy to proactively play our part, in making sure that these centres are available to play their part in the battle against Covid and to make sure that they can be adapted to the new working practices in place during this period.

What exactly is primary care? Simply put it is the first step in the patient journey, the first port of call and it is distinguished from secondary and tertiary care which is typically delivery of care from hospitals and other specialist centres.

Healthcare is certainly an interesting sector to be active in. First





and foremost, it is driven by demographics rather than the economy generally. It may even be negatively correlated to the strength of the economy, in the sense that demand for healthcare can often be linked to levels of need in society as a whole and in particular less well-off, more deprived, parts of the country have a higher demand for healthcare than the more affluent parts. But why is it not connected to the strength of the economy?

That takes us back to demography. In Britain and in Ireland we have countries with a growing population. Not only that but the populations are enjoying longer life expectancy and higher levels of chronic diseases such as type 2 diabetes which can often be linked to obesity and diet, and which is largely reversible. Not only that, the digital age is causing higher levels of mental health issues. So we operate against a backdrop of inexorable increases in demand. This poses

challenges for any healthcare system and the strategic way that the systems are adapting to this is by using better value solutions in primary care. This means a need for more infrastructure.

But what of the disruptive effect of new ways of working? This could be the other side of the coin. It is an oft repeated mantra that there has been a decade of change in the patient's consultation methods since lock down. How does this affect the demand for premises moving forward? We not unnaturally have been keen to understand this as we want to make sure that our premises are future proof.

At first one thinks that the "zoom call consultation" and the ability to get a diagnosis without leaving home must mean less demand for primary care space. Whilst a digital consultation is now expected to be the norm this takes no account of a number of other factors that are worth listing out:

- The need for physical follow up consultations for all but the simplest diagnoses
- The need to have minor injury ambulatory care centres away from hospitals
- The need to administer flu vaccinations to half the British population
- The need for social distancing measures and cleaning routines, which both mean that fewer patients can be seen in the same space and working shift than before
- The pressure to move procedures and diagnostics and outpatient consultations out of relatively expensive hospitals that need to have capacity retained for serious cases and any second wave
- The need to make inroads into the backlog of work built up during lock down
- The need of patients recovering from Covid for treatment and therapies
- In due course the need for a



vaccination programme against Covid itself

These trends reinforce the existing movement towards primary care and indeed if anything will lead to more space requirements rather than less space outside of hospitals. So, we think the lesson to be learned is to provide flexible space which can easily adapt to the changing needs of the primary care world.

Technology here is a great enabler enabling more complex procedures and diagnostic tests to be done outside of the hospital environment. Making use of broadband technology has revolutionised the ability to locate scanners and X-ray machines remotely and have images read and interpreted at distance.

So, what does that mean for PHP? Put simply we see a major requirement for capital investment in primary care infrastructure. This will take the form of larger modern purpose built flexible ambulatory care centres. But crucially we also see a need to invest in modernising our existing stock to enable it to have an extended working life. In both cases we see a need to minimise the carbon footprint of the estate.

We are looking forward to deploying more funds in our well proven model and helping to play our part in maintaining the health of the nation in the UK and Ireland and doing so in way that is cost effective and minimises the need for government sources of capital.







## Personal Reflections

It is 06.48 and I survey the deserted Petersfield platform. I am again bemused. It is the middle of August and I have become accustomed to the relative calm of the “post-holiday August return” which has for 40 years or so eased me gradually back into the September onslaught. But this is simply on another scale. Not one other person on the platform and I own one half of the vehicles in the station car park. I feel an unease at the enforced emptiness.



**Robin Butler**  
Managing Director & Co-founder  
Urban & Civic plc.

Winding back a bit to the middle of March I was preoccupied by the contrasting simplicity of the lockdown with what had to be a very bumpy future exit at best. I continued to commute until it was both pointless, practicably impossible to continue to do so and Government suggested otherwise. Always having been a strong advocate of building corporate culture and objectives around strong physical interaction I entered the new era of “remote working” with some trepidation. How to be an effective MD of

Urban&Civic, a public company, from a farm in West Sussex. I was pleasantly surprised that I managed to get to grips with the technology and become perfectly comfortable with Teams and Zoom. I found the array of venues that people used for the home-office intriguing and rapidly came to appreciate my own circumstances especially boasting a lightning 300 Mbps of raw rural broadband power. Nevertheless, I found the early days of home-working disorientating. The normal weekday routine was violently uprooted. I compared notes with long established contacts within





An August rush-hour morning at Petersfield Station

the industry. The feelings seemed to be largely shared. I made lists of long overdue tasks (work and non-work related) which with the liberation of close on four hours of commuting have been largely, but not entirely, crossed-off. I set myself personal targets to become progressively fitter, more fluid with the E half-diminished scale anywhere on the guitar freeboard (other scales are available) and to more comprehensively understand the potential of Modular Construction for the Build to Rent sector. Several more topics have been similarly addressed.

I established a new routine to the day and I started to get into something of a stride. I was managing the normal running of the business and most importantly the staff were absolutely reciprocating. The wheels had perhaps slowed but were still very firmly attached to the U&C vehicle. Yes, housebuilders across our sites largely shut-up shop save for some smaller

family run businesses. The Government's decision to close builders merchants rapidly cut off any remaining oxygen. In contrast our contractors at the coal face moving earth and building schools, parks, roads and the like largely kept going and in some cases, safe in their large yellow cabs and availing themselves of the long dry early summer weather, recaptured lost winter time. And then slowly the housebuilders returned, sales offices reopened and a trickle of reservations became a flood or even a torrent. One of the best two months we have ever had.

And to add spice we were seeing both new land deals emerging and housebuilders signing up for fresh development parcels. These were proper green shoots. The U&C projects are all within a one hour radius of London but perhaps crucially outside the M25. The trading in of a one bed flat (with small balcony) and accompanying Zone 6 tube pass for a semi-rural three bedroom house and garden with a longer but less frequent commute, perhaps reflected the mood of the nation.

I have now returned to the office for several days a week dividing my time between central London and our seven regional project offices. My vision of where a new stable future will settle seems to reflect the immediacy of my daily experiences. Today, I have been in a project meeting regarding our new development at Manydown with real people around a solid table demonstrably enlivened by the immediacy and spontaneity of a naturally wide ranging and fast moving debate addressing the masterplan, highways and community engagement. All rather difficult to envisage over the ether. I am full of reflected optimism.

We can achieve a brave new balanced working world. People less tied to a single central office, supported and encouraged to work from wherever for a part of the week but physical interaction still seen as a priority with all the benefits of spontaneity and tutoring the less experienced. Resultant productivity grows and the world has a golden hue around it.

Tomorrow I will be in London again. I will travel on a near deserted train and tube and my mood and yesterday's reflected optimism will partially evaporate as I see the closed shops and cafes and darkened offices. The damage that has already been reaped is manifest. The office is not dead and London will be bigger than this, but the new world needs to prioritise physical interaction between people alongside the new balanced life-work routine for all. For once I would rather relish the return of September commuting onslaught but I fear for an extended August.

# Lockdown Reflections: time for a holiday!

**H**aving travelled a few weeks prior to the official government lockdown, I found myself unexpectedly unable to go back into the office on my return so until recently I had not been in the office since 20 February. It's the longest I've ever been away from my desk, including maternity leave!

Thankfully (so far) although close family and friends have got sick with Covid-19, we've not suffered in the way many individuals and families have, with lost loved ones or themselves being laid low with long lasting serious symptoms. Something for which I am very grateful and which makes everything else seem rather trivial.

With nursery age children and a market facing role, I have found the lockdown to have a number of distinct phases on both a personal and professional front.

On the personal front this has largely been driven by childcare: the two of us juggling work and little people (whilst caring for a sick au pair); the four of us surviving as a family unit; some rescue child care in the form of a temporary au pair who valiantly travelled from Germany mid-pandemic to self-isolate with us; the new permanent au pair arriving with us; the kids going back to nursery when it reopened, and then us each starting to head back into our respective offices more frequently.

It has certainly been wonderful to spend more time with my family during the week and appreciate some of the simpler things in life. A few particular highlights come to mind: barbeque lunches in the sun with the kids between morning and afternoon work sessions and 5 pm walks together in the forest; exploring a number of local areas with fantastic views we'd never visited before; doing weekly kettlebells sessions with my amazing physio; taking to the Peloton when possible, and celebrating a big birthday with a handful of friends in the pouring rain and a large tent in the garden.

**Omega Poole**  
Partner & Head of  
Debt Advisory  
Mishcon de Reya



From a work perspective the first month or so was spent speaking with clients and industry contacts to try and understand the ramifications of the lockdown from a finance perspective whilst closing a transaction and pushing forward with a large acquisition in the hospitality space. At the start, many of us were working on the basis that this would be a three month contained period and the general consensus was that, given the unprecedented government support and the fact the lockdown was caused by a virus rather than economic factors, there was a good chance that the recovery would be swift and 'v shaped'.

As lockdown continued and businesses remained shut, uncertainty increased and this initial phase was followed by a period advising clients (with our traditional legal hats on) in respect of potential financial covenant breaches and encouraging proactive discussions between lenders and borrowers, as well as exploring different financing strategies for sponsor clients to assist with cash flow and provide breathing space over the next 12-24 months.

Like everyone else a lot of time has been spent on Zoom or Teams calls, even when a good old fashioned conference call would do. There is however something rather nice and human about having some insights into clients' and colleagues' lives - seeing their bookshelves, decor and the odd pet or child briefly disrupting a call. For the first time I think we genuinely meant our usual pleasantries 'I hope you're well?'

Being 'out in the market' has certainly been different from my attic office space, and involved substituting live networking events with online conferences. The whole period has been peppered with client and lender catch up calls, preparing client briefings, participating in a number of industry panels and hosting training seminars as well as most importantly keeping in touch with the home team







(including a Zoom escape room game and departmental quiz). When participating in a panel it's been fantastic to reach ten times the number of people compared to a live event, but at times intimidating not being able to see any faces and read the room. I've also been conscious people are likely to really be listening to what the panellists are saying rather than, say, distracted by who's sat next to them or just walked into the room!

Finally – just at the point many of us are 'hitting the wall', nervous that we are entering a deep recession and with no end in sight from the risks still posed by the virus - and most definitely in need of a holiday (if we can keep up with government quarantine guidance) - the industry seems to be looking toward the future and trying to assess how different asset classes will perform.

Much of the discussion has recently been focused around themes such as the lockdown accelerating pre-existing trends in retail and logistics, how long the hospitality sector will take to recover (until 2023?) and how we will all use offices going forward (will our

behaviours change permanently?).

From a finance perspective lenders are assessing what pricing and structure will match the risk profile of each different asset class – and feedback I get from many of the lenders I speak with is that they are still forming a view on this as we come out of lockdown.

As we move into Q3 and Q4 I am expecting to see more individual loan sales as debt funds and other lenders look to de-lever, as well as more stress and distress – similar to, but different from, 10 years ago – with clients looking to us to help secure financing to buy back their own positions or refinance existing loans. I also expect more clients, particularly in the hospitality space, to require transitional finance to weather the next year as businesses build up again. This crisis will of course be the first real challenge many of the lenders who entered the market to fill the 'funding gap' after the global financial crisis will have experienced. On the whole though the relatively conservative average leverage, the wide breadth and depth of lenders and the higher

capitalisation of regulated lenders, should mean the finance market is relatively robust.

No doubt however many individual positions will face difficulties or be challenging to refinance in the short term, and there will likely continue to be some musical chairs in the real estate finance market as a few more well-known names pull back or de-lever their books, and traditional equity investors look to enter the credit space to secure equity type returns with the downside protection debt security offers. As we all have more certainty on the evolving macroeconomic situation, hopefully we will also see a gradual easing of credit conditions from the clearing banks and institutional lenders in particular with credit being extended again to new-to-bank clients.

For my part, I'm looking forward to some guilt free holiday time with my family at the end of August, before returning to the office in September for what will no doubt be an interesting and busy end to 2020.

# Complaining isn't a "strategy!"

**"We need to lean into the future: when the world changes around you and changes against you – what used to be a tail wind is now a head wind – you have to lean into that and figure out what to do because complaining isn't a strategy" Jeff Bezos.**

.. and so APAM entered 'lockdown,' several weeks before the government decided it would be a good idea with both trepidation, anticipation of the challenge, and excitement for the opportunity that disruption brings.

It was not long before even the most technically incompetent (me!) got used to 'Microsoft teams', 'Zoom', Google hangouts' and 'Webex' meetings with the new customary introduction of 'can you hear me?!' By day three the machine was well oiled, there was a sense of renewed energy, 'communications' might have even improved, and the sense of camaraderie was palpable. Team 'Friday fridge' drinks were replaced with 'Friday quiz night' (with beer and cocktails to refuel tired brains!) Our 'Workwell' team newsletters took an even more impactful dimension with team 'shoutouts' (praise for a colleague for exceptional effort) increasing by over 50%. Concern for colleague's well-being has always been high on the list at APAM but now it became the number one priority.

The team went into overdrive on tips for

Simon Cooke lifting daughter, Olive, for the 'Big Lift' for the NHS



APAM Workwell Newsletter week 2 of lockdown

keeping active, positive personal stories of achievements and four 'APAM' babies were born! We cycled, we ran, we swam, we even entered the 'big lift' organised by Barnes RFC for our NHS heroes. We have been lucky as none of the team succumbed to the virus, probably because we locked down early.

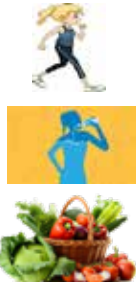
## #WORKWELL NEWSLETTER – WORKING WELL FROM HOME

After a brief hiatus, #WorkWell is back! This week we are focusing on how to work well from home which is something we will all have to get used to for the foreseeable future. Special mention to **Isha** who has collated some of these tips below!

**TIPS FOR WORKING FROM HOME** Some of these are obvious but they are always worth being reminded of!

### Make a workspace at Home

- ❖ Have a dedicated area where you work from and if possible, try to keep it separate from where you sleep – it is important to try and keep home and work as two separate areas.
- ❖ Ensure that your desk is a suitable and supportive to minimise strain on your back. [Follow this link to the NHS website to follow their guidelines](#)



Will P shared this video on how to actually work from home – [LINK HERE](#)



- ❖ Stay organized and on top of upcoming deadlines. **Lizzie** has created this colour coded calendar and schedule! Love your work Lizzie!
- ❖ Establish a daily routine and stick to it – avoid the temptation to sleep in and stick to regular working hours.
- ❖ Take regular breaks from the screen and to refocus.

### Stay fit and healthy

- ❖ Go outside for a walk on your lunch break – make it your one form of exercise.
- ❖ For those of us with a Psycle shaped hole in our lives, they are posting free workouts on their Instagram – to go through, [click on the picture](#)
- ❖ Stay hydrated – have a glass of water once an hour to help you get the recommended 2 litres a day
- ❖ Eat plenty of fruit and veg to support your immune function and energy levels
- ❖ Have a good sleep routine
- ❖ Remember to stretch! This could be an opportunity to start yoga if you haven't before. Some links on YouTube for some good instructors:
  - [Cole Chance Yoga](#)
  - [Yoga with Adriene](#)



### Stay connected

If you or someone you know is finding this time particularly distressing, **Mind** have some information which may be helpful – [LINK HERE](#)

- ❖ Ensure you check in regularly with your team members. Use Teams for "watercooler" chats as well as regular meetings!
- ❖ There are lots of apps to stay connected with your friends and family
  - [Houseparty](#)
  - [Zoom](#)
- ❖ We are having Teams Friday Fridge today with a quiz so please join us and remember to BYOB!



### Reminder!

The clocks spring forward this weekend!



### Ways you can help

**Helle** has been using the Covid-19 tracker app every day. This is helping the NHS track the spread of Covid-19 – [link here](#)







**Simon Cooke MA (Cantab) FRICS**  
Founder Director APAM LTD

Once the bird watching, yoga, biscuit making, home schooling, knitting, and gardening were embedded into everyone's schedules it was down to work. With £1.7bn of assets under management and over 1,100 tenants in the portfolio the initial challenge was ensuring buildings were safe and tenants were 'happy' with initiatives taken to ensure safety at work where possible. Then came the challenge of the March and June quarter day rent collections. Through 'day one' engagement, APAM's policy was to listen to tenants who had genuine difficulty paying rent and grant concessions to ease cashflow. Over 100 positive lease and rent negotiations took place across the portfolio and we are very proud of overall collection rates of 79% in March and 69% in June. In the main, tenant discussions have been courteous and our asset and property managers have shown empathy coming up with creative solutions born out by the fact that fundamentally, and with few exceptions, our tenants have 'honoured' their lease agreements and compensated landlords for this flexible approach.

Of course, some 'majors' have exploited the situation and will of course regret this short-term stance over the longer term. Complainers, particularly those without cause, will not survive the rapidly changing environment and the need for change. This is not because landlords are demanding payment of rent under a

contract but more because the underlying business could not withstand a loss of cashflow for 6/8 weeks. Businesses need to retain sufficient profit to weather these 'shocks' and perhaps this will be a lesson learned as we reach some form of stability in the future.

When businesses fail, opportunities arise. APAM has managed to accumulate over 5 million sq. ft. of shopping centre and retail asset management mandates since the start of the year, and during lockdown this 'onboarding' accelerated as banks, mezzanine lenders and debenture holders began to take back control of assets.

Consequently, we have strengthened the team with four senior recruits joining the business (interviewed via 'teams' meetings)! and the appointment of Professor Andrew Baum as a member of our investment committee and a consultant for our Investment Research and Strategy. One thing 'lockdown' has taught us is that data 'talks' and we aim to be a leading player in the analysis of data in real estate to further inform our investment decision making.

There is no doubt that remote working is hard on the brain and the soul. The intensity of screen-based meetings takes its toll and people crave human interaction to relieve the intensity of the job. Are we more efficient and productive without the distraction of face to face meetings and the time dilution of commuting? I think so, and I genuinely believe that business can be more productive as it adapts to some of the time savings of home working. That having been said, we are not expecting to close down our office! The importance of human interaction and human empathy in business is undervalued. Great military leaders walk amongst their soldiers the day before the battle and great sports captains put their arms around their team mates to create the bond of teamwork. No matter how hard you try, 'empathy,' is lost over 'Zoom'.

What lockdown has proven though is a flexible approach to work is here to stay and nobody in the future will be expected to commit to 9-5pm in an office. Tasks will be set, and deadlines met but how those tasks are delivered will be very different.

Jess Bezos also said that everything in the future will change save three things:

- Consumers will continue to demand greater choice of goods;
- Consumers will continue to demand cheaper prices;
- Consumers will want faster delivery.

The same applies to services beyond retailing. Investment and Asset management businesses will need to adapt to the increasing demands of global investment capital. New services will be added, efficiencies will cut costs, and speed of execution will need to accelerate if the industry is to keep up.

During 'lockdown' APAM has added development management services through our Bankfoot APAM partnership, bought a data centre operator through our JV with Trinity Data Centres in Singapore, and are advising clients on debt restructuring and capital partners on public to private strategies in the REIT sector. We have learned, through lockdown, to adapt to the changing demands of our clients and the need to intensify service levels as uncertainty destabilises markets we are working out ways of getting the head wind to turn in our favour, of course it isn't over yet, there are more challenges ahead and as the team grows to meet the challenges we are constantly reminded that despite the lack of human contact we are only humans who cannot predict the future no matter how clever our financial modelling or statistical analysis becomes. The great strength of humanity, however, is that we adapt and are yet to be defeated by any disease or virus and we are highly unlikely to succumb to Covid-19. Business must learn to adapt or die. Keep fit and well for whilst you have your health the world is full of opportunity and optimism.



APAM back to work at both London and Manchester offices

# Re-shaping the Future

In last year's publication I was asked to recount the vision I had of my future career at 16 and what happened. I concluded: "... it has been a most challenging and rewarding career which to date has lasted 45 years and I hope may see me involved for a bit longer but who knows; my future feels as if it is just as much in the balance as it was when I was 16!" I am now asked for my experiences during the Corona Virus crisis and how it is shaping my future now.

The WHO advised a world pandemic crisis was likely evidenced by the recent scares of Bird Flu, SARS, and Asian flu but nobody was listening. The problem was nobody could predict when such an event would happen, so it was convenient for governments to brush the threat aside.

As a business, based in Covent Garden, we started to feel uncomfortable about the growing COVID-19 threat in early January, by the end of February we knew the threat was a real one and on the 12th of March I took the unprecedented decision to close Chase and Partners office.

12 months earlier in March 2019 I had signed an order to upgrade Chase and Partners computer systems at an eye watering cost of £50,000. I was comforted this would put all our memory into the cloud and every employee and consultant would be issued with a good quality laptop including a built-in camera for a more mobile working potential whilst out on the road. I felt that the decision was based more on the salesmanship of our IT providers rather than our good sense but as this was our 25th anniversary we took the plunge! 18 months later and it is arguably the best investments the company has made. With the lockdown we have maintained all our business functions, our T/O is now ahead of a stiff target and when coupled with a notable reduction in expenditure – notably the Chairman's lunches, our profitability has exceeded all expectations..

With the new computer system in place one of my first queries was could we get rid of the Microsoft Team Meeting (MTM) programme, flashing onto the screen every morning. I had not a clue as to how this virtual meeting platform together with others such as Zoom and Webinex would change my life within a few months. The computer operator was somewhat surprised by my reaction and gently explained although it could be removed, he persuaded me to leave it on – the best advice I have received over the past decade.

However, it was not until I closed the office that I and my colleagues realised how invaluable these sophisticated and intuitive user-friendly communication programmes were. With all staff and consultants working from home we quickly found that MTM provided for regular meetings of a high quality which created a good basis for discussion. We then excelled ourselves by adding, screen sharing, break out rooms, document transfers, recording of meetings, transcript productions for internal and external meetings – after 20 years we had truly arrived in the computer age.

This dreadful disease and the impact of the lockdown on all

aspects of life has brought about terrible consequences which nobody could have imagined. Further, the uncertainty it brings and forced changes on what were seen as everyday normality has unsettled the rhythm of life which unfortunately, I expect to be with us for another 12 months and possibly longer.

The new and applied technology has saved us to some extent but let us not get carried away with this brave new world for I see it as having been a learning process and a stop gap - it is not the answer. Morale and corporate energy is much harder to maintain at a distance. There is a disconnect as computers and virtual communications without the human and social interface have significant limitations. Artificial intelligence is myopic, and the danger is that all the predictive and interactive computer-based systems rely on algorithms or similar syntax which are devoid of understanding and innovative thinking. Algorithms will always give the wrong answer for specific circumstances as they are predictive of the average and not the bespoke.

With the enforced experience of social distancing and home working I am convinced that the most successful businesses will not be those which embrace what they have learnt from technology and use it to enhance the efficiency of working practices and wider competence of their colleagues but coupled with the human face to face and social depth of understanding which only comes with getting to know someone face to face. These will be the winners.

My garden has been haven of peace and calm but ultimately that is not what drives me. The buzz of the work environment with individuals taking energy from the dynamics of an environment that is alive and competitive provides the advantage compared to a deadpan screen. Individuals may feel they have been productive working from home without interruption and time saving on travel but this misses the point. A successful business is one that brings forward ideas from teamwork and a wide exchange of ideas over time. I do not believe that worker isolation provides the right environment.

That is not to put us back to where we were before the pandemic. We have learnt much and computer technology has



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improved many areas of my business. As an arbitrator I have recently held two hearings each lasting over 3 weeks, sometimes with over 80 attendees. Aspects of these hearings have been quicker and more efficient than had they been held physically. The drawbacks are participants with weak broadband connections, a lack of technical knowledge, the intensity of using screen based data systems, the lack of teams physically in support and the more relaxed attitude of Expert Witnesses with a resulting notable reduction in performance.

Not all meetings can be virtual and there have been good examples where they have not worked on the computer but this crisis has also taught us how much more we can do utilising technology to our advantage both in improving efficiency, positive outcomes and reducing costs provided it proportionate and in the right context. I would add that CPD/LLL attendance through webinars, has seen a significant increase in my activity to my advantage. But again there are limitations; when I lecture, I perform better in front of a live audience than a screen where I can capture the imagination of the participants. On screen you do not have a clue.

On the personal side my wife suffers from multiple sclerosis and is wheelchair and house bound. During the lockdown we had to cancel carers, cleaner, the hairdresser, gardener, and others that we had come to rely on, but the outcome has been positive. Far from being a difficulty it brought us closer together, giving me more time with my wife and where I can demonstrate greater care and attention than otherwise would have been the case. It has been a most rewarding period forced on me and which otherwise I would have missed.

I am Chairman of the Saracens Multi Academy Trust, an exceptional high school with brilliant staff and teachers, led by an inspirational Principal, Doctor Matthew Stevens. He penned an article which he

**“It’s 2080 and a 9 year old boy has been set the task to research the Covid-19 pandemic for his homework, so he goes to his grandmother.**

**Boy: Grandma, you must have been alive during the Covid-19 pandemic.**

**Grandma: Yes, I was. I remember it well.**

**Boy: That must have been terrible. Our teacher said that millions of people across the whole world were infected and thousands and thousands of people died in the UK. You had to stay locked in your homes for weeks, and couldn’t go to school, and things were horrible for a really long time.**

**Grandma: Yes, your teacher is right. It was a very difficult time, and lots of people were very sick, and many people died; but I was very young, just a bit younger than you, and I remember it differently. I remember baking bread with my Dad and baking cakes with my Mum. I remember going for long walks as a family and learning how to play new games. I remember movie afternoons with popcorn and learning to do cartwheels in the garden. I remember us spending time together, talking, laughing, dancing, and singing. It was a sad time for many people, and I missed school and I missed my friends, but I also have a lot of positive memories from that time.”**

Dr Matthew Stevens Principal of Saracens High School



distributed taking the position of one of the children currently at the school and how they may look at this pandemic crisis later in life. He did this after speaking to many of the children who explained how delighted they were to have spent more time with their parents enjoying the school lessons they helped them with, sharing the cooking and other household chores, playing together and conversing on a wider and more meaningful basis than they had prior to the pandemic crisis arriving.

Perhaps a surprising take and pleasing result but going forwards children at school are happier and will learn far more than restricted to remote learning at home. The human scale and personal interface that schools provide are a vital component for integration into a complex society. The same applies to the business world, we learn and perform better when we are with others, we do not when we are isolated. When alone our ability to understand trends and assess what we need to do in the future becomes seriously impaired. It is time to go back to work as a thriving, albeit imperfect society. I have learnt a great deal as to how my working day can be significantly improved but until I am back with my colleagues these benefits will be of limited value.

# Unprecedented abuse, UB40 and the future of real estate

Over the last few months, the use of the word ‘unprecedented’ in news reports, articles, and speeches from politicians and commentators has been, well, unprecedented. It has also been misused to the point of abuse.

In terms of global pandemics throughout history, 830,000 deaths worldwide attributed to COVID-19 doesn't even make the top 10 – as a pandemic it is very precededented. Top of the list of deaths is the Bubonic Plague (200 million), Smallpox killed 56 million, and more recently Spanish Flu and AIDS killed 50 million and 35 million people respectively.

Neither is COVID-19 unprecedented in terms of economic impact. Six years of war between 1939 and 1945 reduced UK exports by two-thirds and all but exhausted gold and currency reserves, all this after enduring the Great Depression when unemployment peaked at over 20% in 1933.

The wartime impact on people's lives bears no comparison to the current burdens of being required to work from home, not being able to go to the theatre or having to wear a half-face mask when shopping.

More recently, in the 1973-74 oil crisis, electricity could only be used for 3 days a week, with TV broadcasts finishing at 10.30pm and wax candles being the only source of light and sometimes heat in long, cold winter evenings. The curse of today, shouting ‘you're on mute’ at a screen, would have been science-fiction level luxury back then.

Maybe the worst is yet to come. It probably is as the government unwinds its furlough support, as eviction bans, SDLT and help-to-buy reliefs end, and the impacts of Brexit take hold in 2021.

The NIESR (National Institute of Economic and Social Research) forecast that ending the furlough scheme will increase unemployment to almost 10% by the end of 2020, undoubtedly damaging for the economy and harmful to the most vulnerable in society, but not unprecedented. The current US unemployment is 10.2% and the UK rate in 1980 was climbing above 10%.

Which brings me to UB40. UB40, a band formed by 8 unemployed young people from the Midlands with nothing else to do and no prospects of employment, released their first album, ‘Signing Off’, in 1980. Unemployment and the lack of hope or opportunity for young people permeated their output; from the name - UB40 was the form to claim unemployment benefit, the album name - a play on the reference to ‘signing on’ to claim benefits, through to their song titles and lyrics.

One particular song on their breakthrough album, ‘Present Arms’, released in 1981, was called ‘One In Ten’, a reference to the unemployment rate at the time. A rise in unemployment to 10% as a result of unwinding the furlough scheme would be unwelcome but not unprecedented.

There is a more important reason for referring to UB40, which is to illustrate the aftermath of major shocks to the economy. There will be people and businesses who will suffer real hardship, but external shocks force innovation that can have enduring benefit to the economy and people's lives.

The pandemic has prompted behaviour change and adoption of different working practices that would have



**Andy Rothery**  
Co-head of Affordable Housing  
PMM Group

been unimaginable only 9 months ago, as people look to find solutions to problems that cannot be negotiated away or ignored.

Virtually empty buses take me into Central London for the two or three days a week that I choose to work in the office, and I don't see this changing soon. Productivity has arguably improved through freeing up an extra two hours a day otherwise lost to a commute and personal lives are more balanced. I can have parcels delivered when I am in and can have a dog which between my partner and I can be looked after every day at home.

These significant changes in behaviour patterns will have an impact on the real estate market. Fundamental demand and supply theory would suggest that prices (rents) will adjust downwards in real terms where there is a sudden drop in demand, and over time supply will adjust to create market equilibrium.

The supply adjustment will come through reduced development (new office developers are less likely to take speculative risk) and change of use of underused existing property. The impact will be sector specific; there may be a surfeit of retail units, but there remains a shortage of affordable housing. Innovation will come to the fore and there will be winners as well as losers.

My final observations are, firstly, anyone who bought and still retains property of any type during the height of recession in the 1980s will today almost certainly be happy with the acquisition decision they made.

Secondly, UB40, that group of unemployed young people whose response to their bleak outlook was to start a band, went on to sell over 70 million records worldwide and spent 214 weeks in the singles chart during the 1980s, the longest for any band in that decade.

Our lives and the economy may have been disrupted, but necessity is the mother of invention and I am confident that real estate markets will adjust and thrive.



# Frustration mixed with Optimism

**My overwhelming personal reflection of the lockdown period was sheer frustration at not being able to achieve very much, but with an inbuilt optimistic view that we would return to normal as in the end we need an economy.**

**W**orking from home in the shorter term was no problem at all as the facilities I had were perfectly adequate albeit the I.T was an occasional impediment. It did have its problems with structuring the day which travelling to and from work did put light and shade into a routine.

The most frustrating aspect was the continual conversations with clients owning investment properties that were potentially available for sale, and advising them on the won't pay or can't pay conversations regarding rent collection. Government seemed content to cave into lots and lots of undue lobbying from occupiers but seemingly turned a deaf ear to owners.

We did complete a sale of a closed coffee bar during the lockdown period but there are a lot of splinters around from fence sitting which, combined with actually getting hold of people at home, has made some deals go on forever. Development was always difficult - despite being needed - and it is that difficulty of no meetings in person that led to time wasting which may now be needed to focus minds. A Teams call on a regular basis is now part of the structure, however.

At a personal level, no sport to watch, such as rugby, or tennis to play again gave the week a lack of structure and healthy walks did not get me much lighter or fitter! Sadly, I missed a couple of funerals (cancer not Covid) that meant paying proper respects was difficult.

On a positive note I attended more CULS meetings on Zoom than I would manage in person and the content was excellent and CPD compliant for the RICS.

I came back into the office fairly quickly mainly because by having my daughter and son-in-law moving in and taking over my study, and the joy of a 10 minute rather than 30 minute commute by car was delightful. Certainly, this is not easily replicated coming into London on public transport. However, Birmingham was eerily quiet and the important element of an agent's life - the hospitality industry - is only just struggling back to life.

## Longer term implications

Much has been written about the death of the office but I do see a repurposing of the office combined with working from home rather than an abandonment, and certainly whilst some indications are that productivity has increased, I wonder how much new work was actually generated. Quite a lot of processing was probably done efficiently but not everyone can actually work from home successfully.

Birmingham is still eerily quiet and there is little doubt that, until office workers are back, the hospitality industry will be hit financially and undermine the very basis of being a surveyor! Until the larger businesses are back then this position will persist. This article was written in August so the position may



David Allen FRICS  
Director, Holt Commercial

have changed by the time it is read but if the Government are encouraging workers back to the office in September when schools resume then stipulate that their funded departments such as homes England and HMRC return in 2020 not 2021. The urban economy will change but it also needs to survive.

Out of adversity does spring innovation with the Park in the Street around the corner from our offices (use picture) while Covid has also led to the abandonment of the Commonwealth Games Village with university facilities now being used. The long-term housing legacy is, however, secured.

It has certainly led to a much greater focus in all businesses about resilience planning which is a good thing, debtor collection is even more heavily in focus and upgrading of I.T is far more of a concern.

As far as our practice is concerned, the effectiveness of remote meetings was in no small measure related as to whether the participants knew each other prior to those meetings and in my view, as an older member of the property community, there is absolutely no substitute for in-person meetings, albeit I accept that at the present time that is just not possible.

The office does, of course, perform a very useful function for meeting other team members and for the interchange of ideas and I think it may be to the detriment of younger personnel who have not received any real mentoring if they are absent too long. I am sure battery hen densities will be a thing of the past for a long while and quite how the taller buildings will cope with lift densities will need to be worked out very quickly.

Finally, internet delivery and disposing of the copious packaging has become a major item in our household. Roll on 2021.



# The Department in the Pandemic



David Howarth  
Head of Department  
Professor of Law and Public Policy

For the Department of Land Economy, as for the rest of the world, the big event of 2020 has been the pandemic. The Department closed the doors of its building in mid-March and has been operating virtually and remotely ever since. Teaching went online for the end of the Lent term and stayed online for the whole of Easter term. Starting with the MPhil exams in April, then taking in the Tripos exams in May and June, the whole programme of assessment was carried out remotely, culminating in meetings of examiners in June and September by Zoom.

The most important thing to say is just how successful the whole process was, especially given how little time we had, especially at the start, to implement the necessary changes. Everyone in the Department – teaching, research and administrative staff and students – worked together to keep the show on the road. Not everyone has appreciated the extra pressures of working from home, but many people have positively flourished and everyone has risen to the occasion. A small number of colleagues fell victim to the virus, in a couple of cases quite seriously, but thankfully so far without any fatalities.

As a new term starts, with our teaching still mostly remote and virtual, it is worth reflecting on just how far we have come. We began with little or no experience of remote working. We had no Zoom accounts and the University had not yet implemented Teams, which was merely a mysterious splash screen that appeared on starting up Windows but then did nothing. We had occasionally used Skype for interviews, and at least once for a PhD viva, but only as a last resort to avoid intercontinental travel. Much research activity has long been reliant on using online resources, but the most sophisticated online collaboration tool most people had used was email. Now we use Teams and Zoom as everyday tools for just about everything, locally, nationally, and internationally, and are learning about Panopto and other wonders to record lectures. Our research seminar series are also online, with the Virtual Real Estate Seminar, organised by a team led by Thies Lindenthal, drawing audiences much bigger than its physical

world predecessor. A special word of thanks should go to our IT department (Paul Mullally) for guiding us through and unentangling many mazes and the Student Business Office for taking every innovation in their stride.

Among the functions that we have taken online is recruitment of new teaching staff. We have welcomed and inducted two new University Lecturers, Dr Leo Liu, and Dr Davide Luca, and we have taken through the entire hiring process two new senior teaching associates, Dr Carolin Schmidt and Dr Stefania Fiorentino. All four began officially on 1 October. Leo, who is one of our own, returns from the University of Glasgow to take over from Ian Hodge in the food and rural affairs area; Davide, previously of the Bennett Institute of Public Policy in Cambridge, takes over from Pete Tyler in regional economics and policy; Carolin joins us from the Leibniz Centre for European Economic Research in Mannheim and adds new strength in real estate economics; and Stefania, coming to us from UCL, reinforces our team in planning, growth and regeneration.

Our research continues to go from strength to strength. Next year sees the periodic national Research Excellence Framework exercise (REF), in which we make a joint submission with Architecture. The process of putting our submission together has been an opportunity to see the enormous range of high-quality research we have produced in the last six years. The REF is always a nerve-wracking time, since the margins are often very tight and the criteria for success never entirely clear in advance, but whatever happens, we can be confident that we have continued to perform at the highest level.



# Finals during Covid-19

**A**fter 2 and a half great years studying Land Economy at Magdalene College, my time at Cambridge came to an abrupt end as we were told as soon as we returned home from Lent Term that the University would not be opening after Easter. Like the rest of society, student life changed completely, and what would have been a final term of exams and celebrations instead was spent mainly in lockdown with family. Given the circumstances, both the Land Economy Department and Magdalene College were as supportive as they possibly could have been, with all our exams being made online with a 24-hour period to submit. Throughout the period before the exams, everybody from Land Economy made it clear what was expected from us from our Finals, with a number of supervisions and general updates organised over Zoom. Having the safety net of my 2<sup>nd</sup> year result also meant that the home exams themselves had less pressure on them. This all helped reduce the stress of the new exam format significantly. I heard of people in other departments having the exams they were strongest in, and had worked hardest for, cancelled in favour of others, and so keeping all the exams we had been studying for all year seemed the fairest decision by the Land Economy Department.

Sitting my Finals at home with family around was a very strange experience. If someone had told me at the start of my time at Cambridge that I would be sleeping in the middle of my Finals Exams, I would have been extremely concerned! It was also great having coffee and tea on tap as I was writing, with a few snacks between questions. Nevertheless, whilst 24 hours for an exam which takes 3 hours seemed like a dream when it was announced, Parkinson's Law of time stretching to the deadline certainly had an impact, especially in the first exam, and I somehow still felt time pressured.

It certainly took a different type of concentration to write 3 or 4 essays at home rather than in an exam hall with all the adrenaline that normally brings. After I submitted my last exam online, the feeling of finishing my Finals was slightly anticlimactic. Although the relief was still there, it did not quite compare to being sprayed by friends outside the exam hall and the weeks of celebrating in Cambridge that would have been the reward for all the hard work. But this was the same for thousands of students around the world, and I'm just grateful that I was able to experience twice in my first and second years all of the traditions unique to Cambridge in the Summer Term- the May Balls; C-Sunday, and all the rest. I hope the Freshers who missed out on all of this will be able to experience it in the years to come.

Graduating without the ceremony was also strange, but I was pleased that Magdalene organised an online graduation where our Master, Rowan Williams, gave a great talk, and we then had a Land Economy catch up with our Director of Studies Dr Kanak Patel. Along with the other Magdalene Land Ecs, we reminisced over our best moments in our time at Cambridge. It was great that our Land Economy community at Magdalene was so close knit. Kanak was very helpful throughout and I am extremely close with the other Land Economists in my year, Dan and Alexi. I know that the College and University are looking to organise a proper graduation ceremony when it is next feasible and hopefully that will bring real closure to my time as an undergraduate.

I am sad that my time as a Land Economy undergraduate has come to an end, but I leave with fond memories. I enjoyed the variety of the course from the 1<sup>st</sup> to last year, being both academically stimulating as well as boosting my employability. Most important, however, were the lifelong friends I made within the department. I hope that our year will continue to be engaged with the department, and I

am looking forward to being an active member of the Land Society. Throughout my time at Cambridge I enjoyed meeting with alumni and members of the Land Society at dinners and career fairs- one of the many advantages of studying Land Economy was the direct access we had to those at the top of their fields. I personally received great help from James Shepherd, as well as many others, and I am grateful to everyone in the Land Society for these opportunities.

As I leave Cambridge, I am looking forward to beginning my training as a Chartered Accountant with Lubbock Fine and life in London. Graduating in the middle of a pandemic is not ideal in terms of the labour market, and whilst my job has been delayed until slight normality has returned to the office place, I am grateful that the firm has taken the decision to continue to invest in its young graduates, even given the economic uncertainty. Whilst I do not know where my career will take me in the future, I know that my time studying Land Economy has set me up for the best possible start to my career, and I hope that the friends I have made as well as the Land Society will mean my connection to Cambridge and Land Economy will stay with me for life.



Harry Solomons  
2020 Land Economy Graduate  
Magdalene College



# Real Estate Research Centre and Masters in Real Estate: Views on the impact of Covid19

**W**e were asked to write about real estate in a post COVID-19 world, but at the time of writing in August 2020 it is far from clear if and when a “post” COVID-19 world will be. Below are some thoughts on firstly, how it has affected me personally and professionally; secondly, how it has affected our teaching and how we are responding to that; and finally, some of the longer-term implications and opportunities going forward more generally for the industry.

## Personal

As the situation looked likely to become serious in early March, I managed to fit in a visit to my elderly mother shortly before lockdown and in her retirement home there was a sense of preparedness for an impending battle. Like many I watched the emergence of COVID-19 in Europe with a horrified fascination, and combined with the collapse in equity markets there was a sense of deep

doom and gloom, not helped by a sense that the UK Government was not well equipped to deal with the problems. I was lucky that no-one close to me died or was admitted to hospital, but some friends became very ill with the virus. Fortunately, my way of life – working, running, cycling, sleeping – was well suited to lockdown and so, apart from not being able to see my mother, lockdown was not a major problem in terms of working patterns and lifestyle. It did however ruin my triathlon season, just when I had entered a new age group – oh well, there is always 2025! It also caused issues for some of the business ventures I was involved with. Notably in Q1 I was progressing a fund which I was going to lead (part-time) for a major investment management organisation. We had a wonderful meeting with a major potential client and there were indications of a very substantial investment, but as the COVID-19 situation deteriorated (and equity markets fell sharply), the client was unable to make decisions quickly and



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Department of Land Economy

the sponsoring investment management organisation decided it was unable or unwilling to take the financial and business risks associated with starting the fund. Nonetheless, a positive has been that I have finally has time to write more academic research and have it published!



## Teaching

One of the aspects that has made the Real Estate Masters (MSt) so successful has been the interaction of the students, which is facilitated by a small group being in one room for their residential sessions. However, this year, as the situation deteriorated, we decided to make it a virtual residential session; therefore, we could not have the students in one room and we did not know what issues they would face at work. Despite the session being online, we still managed to have some great guest speakers, such as Jenny Buck of Tesco Pension Fund and Lars Dahl of Norges Bank, and in terms of the content - very little changed. However, for the 2019-20 cohort, who were looking forward to a great field trip to Amsterdam and Utrecht, it was not possible to replace that.

The students were very kind in their feedback, but I found the first experience of teaching via Zoom quite uncomfortable. I find that if everyone is in a room you can see how engaged they are as you talk and you can stop and ask them questions. Online, with extra things to think about and being unable to see many of the students, I felt I rushed (to try to keep their attention) and did not get them to do enough between classes (partly because I was being sympathetic to their other pressures). So, a lesson for me was to relax, treat it as if they are in the same room and return to getting them to do more work – learning by doing is the best way to learn after all!

We have scheduled further residential sessions for November and December, but it remains uncertain if they will be viable and/or if a significant number of students will be unable to attend. Consequently, we are adjusting the delivery of the taught element of the MSt to reduce the pressure on the residential sessions, with roughly fortnightly seminars in the run up to November. That should mean we can deliver the core content in the early afternoon so that those on both the far east and west coasts of the US can participate, as well as those in Europe. We are still working out how best to record sessions and adjust content for online delivery, but it seems like there is no perfect solution. Nonetheless, the opportunity is clearly there to make use of technology to integrate other forms of content into online lectures – like tasks, quizzes, auctions and games – to make the experience interactive, and so that is something I will be looking to do over the next few months in preparation for my next lectures.

## Research and Outlook for the Industry

One of the innovations which has been introduced through this period has been a fortnightly academic online seminar. One of the first papers discussed was a study on the impact of the Plague and other pandemics on Amsterdam and Paris over the last few centuries. The rather encouraging conclusion of this paper was that, whilst pandemics may cause large short-term declines in prices, rents fell much less and the negative effect of the pandemic on prices was transitory, with prices returning to their original price paths quickly. It has also been interesting talking to academics, students and practitioners from around the world; in many countries it is clear life is much more 'normal' than in the UK, with office workers mainly working in their offices and other activities carrying on much as before. This suggests some of the hype suggesting fundamental change is overblown. However, it does feel that the pandemic will have led to several changes in the way companies operate, as well as inducing a downturn in economic activity.

In office-based activities, a key factor in selecting which office to have where is its ability to help attract and retain staff. Embedding greater resilience in business operations and being more flexible to employees' desires to work remotely are likely to place greater emphasis on working from home or away from 'HQ' than before. That said, this was quite widespread before COVID-19 with around 50% of professional occupations saying they did some work from home in 2019. Heightened uncertainty and the weakness of the economy are likely to have a bigger impact in the short-term, leading to weak demand and downward pressure on rents.

As is well publicised, the retail sector was already facing major challenges before the pandemic, as the growth of online sales had reached a level where stores were harder to run profitably for many retailers. The lack of adjustment of business rates to the new reality of retail rents and values, combined with pressures from higher import prices, has made the situation more acute. The UK retail floorspace stock of approximately 120 square metres, which might be right for a retail spend of £7-7.5bn per week if all in store, was unlikely to be right if £1.5bn of that spend (approximately 20%) is online. Employment costs are sticky, rates have been sticky (albeit with temporary respite this year), and so rents

and profits are where the adjustment is being felt. Ultimately, business rates will need to fall, rents will decrease, and the stock of retail space will need to fall. This adjustment will take a long time, but a major repurposing of retail space is necessary – losing 20 metres square of marginal retail would not harm the retail offer substantially. The other main change is a move to turnover or performance-based rents, with greater flexibility for both landlord and retailer. This may prove to lead to more dynamism in some retail centres, but will also require investors to reappraise how they think about risk - they should already have reassessed the value of risks of a lease contract given the widespread use of the CVA. The opportunities in a sector going through such change are significant: firstly, for those who can show real insight and expertise in how they work with retailers to deliver a better retail experience; and secondly, for those who can bring other uses into (and above) retail space that is no longer functioning effectively as retail.

The industrial sector continues to be the 'sexy' part of commercial property and the concern here is the pricing of the risks of voids and depreciation is overly bullish. The difficulties of the office and retail sector have continued to put more attention on residential and alternative sectors for investment. I think this also presents an opportunity – I have helped the IPF with their survey of investment into residential over the last few years, as well as talking to a lot of pension funds and other long-term investors - and it is great to see both private rented and affordable housing strategies go from being fringe activities to being seen as far more mainstream. There is a long way to go, but the need and opportunity is there and I expect to see residential continue to grow as an institutional investment.

Finally, whilst there is a concern that businesses tend to focus on crisis management and cost control in the midst of the issues we are facing, a hope is that the self-reflection that many will have gone through will lead to some greater focus on 'purpose' and the broader issues that are so critical to our long-term quality of life – climate change and sustainability, how technology is used, affordability of housing and the social impact of activities.

These are themes which form a core of our real estate teaching and I am really looking forward to welcoming the fifth cohort of part-time Real Estate Masters students and the next cohort of MPhil students and discussing these themes with them in coming weeks.



# Is Covid a Requiem for Offices?

Franz Fuerst  
Professor of Real Estate & Urban Economics  
CULS Fellow

In a 2005 episode of the famed US sitcom 'The Office', Dwight Schrute, one of the more colourful and intense characters of the show, quips: "There is too many people. We need a new plague." Fast forward 15 years and the joke seems both incredibly tasteless and strangely prescient. The new plague has arrived. And it has indeed decimated the number of people working in offices, although not necessarily in a way that good old Dwight would have foreseen. A recent survey by Morgan Stanley found that only one third of UK office workers had returned to the office by August 2020 despite the government's call to reopen Britain and allow employees to return to their regular workplaces. Offices in London, one of the densest financial clusters in the world, remain significantly emptier than their counterparts in Paris, Madrid and Frankfurt.

One can see why government and businesses are keen on bringing workers back to deserted CBDs. Basic urban economic theory tells us that activities in the Finance, Insurance, Real Estate industries form an exporting sector which creates additional jobs across the entire spectrum of industries via multiplier effects. The trouble is that these theo-

ries were developed a long time before Covid-19 reared its ugly spiky head so they remain silent on the finer point of whether the multiplier effect still exists when a large chunk of the human capital that populates places like the City, Canary Wharf, Lower Manhattan or La Defense now operate out of their homes in leafy suburbia or trendy inner city residential neighbourhoods. Service jobs that depend on local footfall or close proximity to corporate office towers such as lunch restaurants, cafes or business services are already feeling the pinch and are shutting down for good or laying off staff at unprecedented rates. If this trend continues beyond more than a few months, there is a real threat that it might end up unravelling the very agglomeration economies that underpin the office high-rises at the core of the world's largest metropolises.

To make matters worse, danger lurks not just from small-scale unravelling effect but to a larger extent from the damage resulting from reduced national and global network activity. In a recent editorial, Michael Batty (2020) highlights the possible network effects based on an estimate of 80% of all economic and social networks being disrupted during a lockdown. It is probably safe to assume

that the hubs of these networks stand to lose a lot more from any ongoing disruption than more remote places with a lower position in the global place hierarchy.

So does all this imply that large office clusters, both horizontal and vertical, will become obsolete in a post-pandemic world? Not so, contend many prominent urban researchers and economists. Among these is Richard Florida (2020) who predicts that "a couple of years from now, we will look back and see that the roster of the world's leading cities is unchanged. New York and London will still be its leading financial centres; the San Francisco Bay Area its hub of high technology; and Los Angeles its centre for entertainment and film." And urban economists such as Edward Glaeser (2020) remind us that cities encourage all types of interaction -good and bad. Infectious diseases are thus only the flipside of the wonderful exchange of ideas and knowledge that has led to humankind's greatest innovations in the arts, sciences and commerce. The challenge is hence to re-start the good interactions while minimising the impact of the bad.

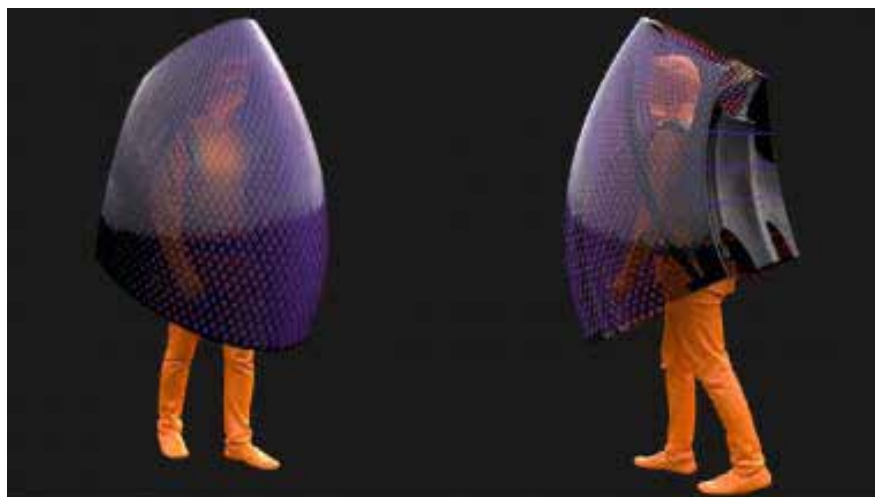
How might this be achieved? Let's take a look inside the office. It is no surprise that many of the current configura-





tions are not conducive to stopping the spread of viruses but how exactly we need to go about re-configuring them remains a matter of debate. After all, we are dealing with a virus that seems to thrive both on airborne and surface transmission channels. Bearing in mind that spontaneous interactions between people are the lifeblood of innovation and economic progress, it appears that one of the toughest challenges ahead will be to strike the right balance between the safety provided by highly regulated face-to-face interaction, perhaps akin to prison visits, and the free-flowing exchange of ideas which can only occur where unplanned and serendipitous encounters and conversations are allowed to occur. So far, very few integrated concepts have been proposed that go beyond the basic public health rules that we all follow. The 6 Feet Office concept devised by Cushman and Wakefield is an attempt to create an effective work environment within the routing and distancing requirements of a covid-conscious office. It requires significant changes from the way we use common areas to how we configure desk space to how we design a one-way flow system that stands the test of everyday office life.

Surely, all this must be bad news for



Anti-Covid body shield which uses UV light to sterilise itself. Source: Dezeen.com, Sun Dayong.

office markets? To date, evidence is still scant but data from the first two quarters and the summer of 2020 hint at a pronounced slowing of market activity. CBRE (2020) reports that new take up of space in Central London has decreased to unprecedented levels while availability is now at a level last seen in 2010 in the wake of the financial crisis. Data from Savills (2020) paints a similar picture but also shows significant increases in office space take up from tech industries in UK regional markets. Another intriguing sub-sector is flexible office space with opinions being split on whether the likes of WeWork will be able to capitalise disproportionately on the renewed need for social interaction in a work setting if and when it comes back or suffer the same fate as old-style offices which are no longer deemed fit for purpose as work shifts away from offices to homes. Most of the large real estate and surveying companies now provide insightful reports and commentaries on the impact of the Covid-19 crisis but very few go out on a limb and try to quantify the impact for the months and years ahead. One of the few that I have seen is a back-of-the-envelope calculation by Morgan Stanley which estimates that the current national office vacancy rate in the US is set to increase from 12% to 16% if only 5% of office employees, a tiny fraction, work permanently from home. The figure jumps to 26% vacancy if 20% of office workers adopt this practice which seems within the realm of possibility. However, there are big caveats attached to such mechanistic accounting-style scenarios that try to work out the reduction in aggregate demand by simply multiplying the number of missing workers by the average space they occupy. A combined effect of price elasticity of demand (space per worker tends to increase as rents fall) and the larger space requirements of the 6 Feet Office might offset some

or even all of these hypothetical losses. There are also substantial behavioural factors at play. When Bloom et al (2015) conducted an experiment which entailed half of a company's workforce working from home while the rest commuted as usual to and from the office, they found that working from home came out on top in terms of cost efficiency, work efficiency, turnover rates and job satisfaction. And yet, when the experiment was over after nine months, half of the remote workers decided to return to the office despite the obvious gains they had just demonstrated to themselves and their employers. Perhaps this just underlines another lesson we have learned as the pandemic unfolded throughout this year: the world is a lot less predictable than we thought!

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# Post pandemic house building: the need for greater use of digital innovation and offsite manufacturing

There is a consensus that the UK has a housing crisis. In August 2020 the Government launched Planning for the Future, with proposals for the biggest overhaul of the planning system since the Second World War and promises of finally boosting housing supply. The UK has a historical under-supply of housing and the Government's aspiration is for the housing market to deliver 300,000 homes per year on average by the mid-2020s. Yet current home-building rates are less than half of this. The supply shortage contributes to making housing less affordable, sustaining the rise of the relatively insecure private rented sector (PRS), continuing the decline of home ownership, and increasing waiting times for social housing. The pandemic will only worsen the housing crisis, throwing into sharp relief the strains of living in poor quality homes and insecure tenures, and halting housing construction projects, further exacerbating the supply problem.

A preference for conventional construction methods contributes to the inability of the housing sector to meet the target of 300,000 units per annum. Challenges facing the construction

industry – including low productivity, fragmented supplier networks, lack of collaboration, labour shortages, an ageing workforce, and failure to embrace new technologies – exacerbate the housing crisis. The Industrial Strategy emphasises the need for a shift from conventional housebuilding towards more innovative approaches if the crisis is to be tackled. It places digital technologies – for example Building Information Modelling (BIM) and offsite manufacturing (OSM) – at the centre of solutions.

The combined use of BIM and OSM holds potential for tackling the housing crisis. With housing representing 53% of all repair and maintenance work by value, and the (National House-Building Council) NHBC paying £85m annually to rectify defects in new build homes, significant value could be realised through increased uptake of digital technologies and OSM. The ability of BIM to ensure quality design, eliminate defects through object modelling and analysis, and provide a data source for each component in a building will help to tackle the problems of poor quality in housing. Furthermore, it will provide the data and information

needed to enable better maintenance and management, providing the 'golden thread' of information demanded by the 2018 'Hackitt Review'. Using BIM designs in the manufacture of housing components or whole modular units will help to produce better quality housing at faster rates, increasing supply and potentially making new homes cheaper to produce. The factory-based nature of OSM will also lead to increased precision in construction, again eliminating time-consuming and costly reworking on site. However, the uptake of BIM and OSM in the housing sector remains low. Our research identifies several organisational, regulatory, individual and industry-related constraints holding back the uptake of these innovations in the housing sector.

The high cost of investment required to adopt OSM and digital technologies is a major barrier to their uptake in the housing sector. Additionally, lenders are less willing to provide finance for developers and contractors who want to use these innovative approaches as, unlike the 'tried and tested' conventional approaches currently used in the housing sector, they are deemed to be high risk. There is a lack of robust





evidence to quantify the benefits of the use of OSM and digital technologies, particularly the short and long-term cost savings, discouraging house builders from investing in their uptake.

The use of OSM and BIM is not an easy fit with the current UK house building model. With housing completions typically slowed to maintain desired sales prices, there is little incentive to build faster or at scale if it bears the risk of lower prices and profits. Across the industry there are low levels of coordination and complex, highly localised supply chains, but OSM will require a paradigm shift towards more collaborative procurement routes, highly coordinated design processes, and early-stage design finalisation.

There are numerous organisational constraints on the uptake of innovation. There is resistance to change among individuals and organisation leaders, often an absence of a strategic vision that embraces new ways of working, and a lack of innovation ‘champions’ within the house building supply chain. Greater use of OSM and BIM will require organisations to develop new capabilities to support their deployment, but employees’ resistance is linked to

fears of job or status loss, and to a lack of understanding of new technologies. There are digital and manufacturing skills shortages across the whole housing supply chain; many lack the digital literacy to use BIM, but training can be time-consuming and expensive.

Demand-side constraints also inhibit the wider use of OSM in the UK, with consumer mistrust of ‘prefab’ housing lingering from the Post-War housing boom of often poor quality and soon demolished prefab homes. Even policy seems to conspire against the uptake of innovation in housing; for example, the 2016 BIM mandate on government construction projects did not extend to housing.

There are practical things we can do to boost the uptake of innovation in the UK housing industry. Lessons from the 2016 BIM mandate could provide guidance in rolling out a similar directive tailored for the housing sector. We need to increase awareness of OSM and BIM from exemplary housing projects and provide a stronger evidence base to demonstrate the immediate and long-term benefits. There is a role to be played by innovation champions, such as the BIM4 Housing group, and we need to invest in digital

upskilling across the supply chain and in construction education programmes.

There are many constraints on housing supply and quality beyond the use of traditional construction methods, but OSM and digital innovation are part of the solution. The continued preference for conventional construction methods contributes to current home-building rates being half of the 300,000 homes required annually, build rates which are likely only to worsen as the impacts of the pandemic reverberate through the housing market.



**Dr Gemma Burgess**  
Acting Director Cambridge Centre for Housing & Planning Research

# Looking Forward: Lessons from Covid-19 and New Projects

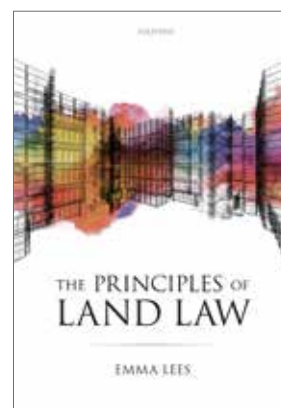
In many respects I have been very lucky during this crisis. I have been on research sabbatical for the whole of the 2019/2020 academic year and so I have been spared the enormous pressures felt by all those in Cambridge to handle the practical issues arising for teaching, examination and assessment. On the other hand, having two very young children at home, I have been attempting to manage my research commitments around full time childcare.

This combination has emphasised three things to me which I hope we can all hold onto over the coming years as University life responds, develops and emerges refreshed from what has been a significant challenge. First, it is a salutary reminder to us all how difficult it is for students and staff alike when pressures from our personal and home lives come to impact our working patterns. Whilst COVID-19 has shown how responsive we can be when these issues are collective, it is my hope that the flexibility and understanding of the complexity of many people's work/life balance, especially for those with caring responsibilities. Whilst the Department of Land Economy has been brilliant in this regard, there is always work to be done. This applies across the board: from senior management in relationships with staff, to our own individual relationships with our students. 'Real' life does get in the way sometimes! Second, it has amazed me how quickly academic debate has flourished in an online setting. For someone who is unable regularly to travel to conferences, the shift to online attendance has frankly been an unexpected highlight and I do hope that this is retained in the future. Travel may be a luxury for the next little while; however, the importance of sharing ideas and research with

our international colleagues has never been clearer, both intellectually and from the perspective of collegiality and the social dimension of academic life. Finally, from the point of view of legal studies and academic research, the rapid and sometimes problematic legal rules that have developed during this time demonstrates that sweeping legal change is possible if it is required (one thinks here of climate change). Moreover, it is critical that the scrutiny of academic researchers and specialists is applied to these rules if they are to comply with the fundamental principles of liberty and rule of law that form a central part of our constitutional order. It has acted as a spur to challenge and analyse, whilst at the same time providing hope that the conservative (with a small 'c') approach to legal change in an environmental context can to some extent be softened to take account of the pressing nature of the climate crisis.

From a research and publication perspective this has been a productive and exciting year for me. This summer I have two books coming out. The first, published in June, is a land law textbook, *The Principles of Land Law*, published by OUP. This was an enormous undertaking (it was begun before I had any children!) and I am delighted finally to see it in print. The second, a co-authored work with Professor Ole W Pedersen, Newcastle University, titled *Environmental Adjudication*, is a study of how environmental issues are understood and reasoned with in court. This book will be published in September by Hart (Bloomsbury Group). Furthermore, I have now begun a collaborative project with colleagues in Helsinki and Maastricht, examining the handling of scientific information in courts in the UK, the EU, and beyond. It is always energising to work on a new project, and I am excited for where this project leads in the coming years.

Finally, there are two more new developments coming across the horizon which will take up much of my time over the next academic year. First, in recognition of the impact which changes to teaching patterns will have over the coming year, I have established a new online course



available to all land economy students across the undergraduate and graduate programmes called, "Going Beyond". The idea of this course is to provide teaching experience to our PhD students who will be going into a very challenging academic job market in the next few years and for whom such experience will be difficult to come by. It will also provide new and inspirational ideas to our students, giving them guidance on new techniques, perspectives, and analysis, especially important for their dissertations. Secondly, as co-director of the Cambridge Centre for Property Law, I will soon be launching "The Property Law Project". This has been in development for many months now, but the COVID-19 pressures have meant it has been on the backburner. However, I feel the delay has been beneficial as we will be able to launch with an immediate focus on the huge shifts in legal practice in relation to property (freezes on evictions etc). The goal of the project is to provide a place where the fellows of the Centre (a network which extends far beyond Cambridge) can provide updates and explanations of their research to a practitioner and public audience, as well as engaging with other academics. This 'outward focus' is a way of bringing the amazing research that the CCPL fellows produce to a wider and international community. Watch this space for more!



**Dr Emma Lees**  
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Co-Director of the Cambridge Centre for Property Law and  
Fellow of the Cambridge Centre for Environment, Energy and  
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Fellow, Fitzwilliam College



# New systems for rural land management: restoration, regeneration and rewilding.

**T**he environment has come to take pole position in discussions about rural land policy. The government has pledged to be the first to leave the environment in a better state than that in which it inherited it. We have identified and designated our most precious habitats through a comprehensive system of protected areas. We have supported conversion to organic production. Over the past 35 years we have developed both broad and intensive agri-environment schemes that cover up to three quarters of our farmland.

Yet we continue to face environmental losses across the farmed environment. What more can we do? The implication is that we need to see more fundamental changes in land management systems than we have seen to date. Three new approaches to rural land systems stand out: large scale ecosystem restoration, regenerative farming, and rewilding.

Proposals for landscape-scale restoration have been widely discussed. In particular, the 2010 Lawton report's mantra of 'more, bigger, better and joined up' in support of biodiversity has increased attention to the linkages across landscapes. But the demands on landscapes have been broadened in calls for 'nature-based solutions'. Land restoration or alternative farming methods can reduce emissions and sequester carbon. More absorptive surfaces or floodwaters being redirected onto lower value land can reduce flood risk. Land is required for water storage for irrigation. And, of course, perhaps the only policy that all parties agreed on in the past election was the need for more tree planting.

This challenge requires a redesign of rural land uses at scale to accommodate these demands alongside the continuing requirements for agricultural production. This is complex given the multiplicity of stakeholders, the lack of markets for most of the ecosystem services, and the relatively small scale of ownership units. How can we identify the best locations, engage with local landholders and communities and deliver land use change on a sufficient scale? This takes us beyond a conventional approach to agri-environment schemes and, so far, it seems unlikely that the Environmental Land Management scheme being developed has the necessary ambition. We need realisation of the potential for new approaches, institutions and incentives to bring the

possible suppliers and demanders of ecosystem services together. However, first we need a progressive government vision, a supportive policy context and purposely designed and targeted public funding to facilitate these changes.

On a local scale, we may question whether conventional farming systems delivered through the intensive use of chemicals and fertilisers are leading us in the right direction. There are increasing claims that less may be more. Less intensive systems may produce lower levels of output but the savings in input costs and the potentially higher output price can more than offset the loss in volume. Plus, there is a reduced level of environmental harm. There are elements of this in minimum tillage or precision farming, but some argue that we should go further. Gabe Brown in *'Dirt to Soil'* describes his challenging journey into regenerative agriculture. He sets out five principles: limit disturbance, armour the soil, build diversity, keep living roots in the soil, and integrate animals. A comparison of regenerative and conventional farming in the Northern Plains of the USA by LaCanne and Lungren found that regenerative systems were more profitable than conventional systems. There was no correlation between yield and profitability, but there was a direct correlation between profitability and Soil Organic Matter. Pests were 10-fold more abundant in insecticide-treated corn fields than on insecticide-free regenerative farms.

Have we become locked into our conventional farming systems even though an alternative may be better in the long term? There is a strong element of path dependency in the development of agricultural systems. Decades of research in the public and private sectors, arguably motivated by the interests of commercial companies to sell more products to farmers, has achieved large increases in production under carefully controlled growing environments. However, we cannot know what might have been achieved if similar levels of research effort had been devoted to alternative systems. Regenerative agriculture requires an approach that is specifically tailored to an individual farmer's unique resources and circumstances. It is not a matter of buying a standard product off-the-shelf but involves experimentation and learning by doing. We will anyway need to find new

approaches to mitigating greenhouse gas emissions and sequestering carbon, so here too we need more innovation and experimentation, together with systems for capturing and disseminating the outcomes of those experiments. This can potentially be stimulated and supported through the new Environmental Land Management Scheme.

Or should we go further? Rewilding might be the ultimate system change and has come to be widely advocated. Isabella Tree's book *'Wilding'* on the experience on the Knepp Estate in West Sussex reveals some remarkable achievements in terms of biodiversity restoration. In the light of the planned withdrawal of direct payments in agricultural policy, might we expect to see large areas of land, where farming is currently only viable with a public subsidy, moved into rewilding? This would represent a major challenge to the widely held view of landscape quality as necessarily being maintained by the current farming systems. Given the inevitable demands on public finances, we may, of course, get rewilding by default. This would be a mistake. Rewilding should be incorporated in areas where there are potential social benefits and minimal social costs. As with other forms of land use, it needs to be integrated into wider land use planning schemes.

None of these three alternatives represents a 'solution' to the challenges facing rural land management. Each seems to have something to contribute to our thinking about future land systems, but we don't know which elements are of most consequence and how they might fit together. We need a policy environment that promotes more devolved, collaborative, innovative and learning approaches towards the development of rural land use systems.



Ian Hodge  
Professor of Rural Economy

# Home sewage is too valuable to waste



**Douglas Crawford-Brown**  
Professor Emeritus, University of North Carolina at Chapel Hill  
Director of Cambridge Science and Policy Consulting

Recently retired from Land Economy, where he directed the Cambridge Centre for Climate Change Mitigation Research, Douglas is currently Professor Emeritus at the University of North Carolina, and Director of Cambridge Science and Policy Consulting. His time is divided between San Diego (California), Cambridge and Kyoto (Japan). He continues to advise governments and businesses in those countries on their sustainability and climate change policies.

**I**n April 2020, during the early days of the COVID-19 pandemic, I delivered a Zoom talk to the global water industry. I spoke about how water companies and health officials might communicate with the public about risks from the Coronavirus (and the disease, COVID) in a time when there was a lot of uncertainty regarding the scale of those risks.

Without looking too closely at the title of the conference, I assumed people were interested in whether the virus might expose families through the drinking water piped into their homes. As it turns out, I had the whole affair turned on its head. The real interest lay not in water coming into the home, but rather wastewater coming out. It was in how the wastewater might be monitored to identify communities where there were high rates of infection from the coronavirus; therefore, allowing public health resources to be directed to the most impacted areas and catching spikes before they appeared as COVID-19 (which can take weeks to develop after people become infected). This method is powerful because people who are infected, and potentially infectious, may not yet be showing signs of COVID-19 and

so would not be tested. Consequently, they are not aware that they may be spreading the virus. Crucially, the virus in wastewater is there whether or not you have been tested.

I found this to be a novel idea. It was not. Despite working on waterborne risks for almost 40 years, I had not realised that monitoring wastewater from homes has been going on for decades. The most common uses are poliovirus, norovirus, measles and antibiotic-resistant bacteria. This kind of monitoring in countries such as the US, UK and Netherlands has been crucial in keeping close tabs on the effectiveness of vaccination programmes and tackling the persistent problem of anti-vaxxers putting their communities at risk. For COVID-19, replace 'anti-vaxxer' with 'anti-masker' - the effect remains the same. And it will be identical once we have begun to roll out a coronavirus vaccine.

Admittedly, wastewater monitoring is not about the building itself. It is about the infrastructure connected to that building, the pipes connecting buildings in a community, and the larger pipes connecting them all to the local treatment facility. But it is still part of the broader picture of how land development,



particularly the built environment, could be improved to support public health measures during times like these.

What needs to be done to improve that infrastructure if it is to become an effective frontline against pandemics such as COVID-19? First on my list of wishes is narrowing the scale of monitoring points. At the moment, wastewater monitoring is at a very large scale, with potentially a million people sending waste to the same facility. Monitoring at the facility tells us something about the overall rate of infection in those million people, but not where there might be localised hotspots. That makes it difficult to zero in on clusters, although it might give a hint that the clusters are in one group of a million people rather than another. So it is currently useful in understanding whether the overall rate of infection is going up or down, and that in itself is helpful.

To make it a truly effective tool in also identifying where to send limited public health resources, including robust track and trace efforts, we need to design, or at least retrofit, the wastewater system to allow sampling at a smaller geographic

scale. The system is like a river, with small streams coming together to form larger streams and eventually all ending in a river going out to the ocean. We must have sampling points 'upstream' of the treatment facility, at some of the tributaries that are connected to smaller groups of properties in which clusters of disease might be getting a foothold in our communities. This is not complex engineering, but we did not lay waste pipes with this in mind a hundred years ago, so there is a cost involved in providing the new sampling points, increasing the staff to take the samples, and being prepared to carry out four or five times as much sampling as we currently perform.

We also need to incorporate a scientific approach to this methodology. We do not yet know how much of the virus a single person releases in a day. Without this number, we can see whether the total concentration of virus in the sample is going up or down over time, but cannot say whether this is because a million people are each releasing a low number or a few people are each releasing high numbers of virus particles. Just as the

biotech community is mobilised to create a vaccine, the scientific community is trying to pinpoint the factor needed to convert virus concentration to number of infected people. Furthermore, we want a method that identifies not only whether someone is infected, but also whether they are infectious (people can release non-infectious virus).

Finally, we need a better idea of how stormwater flows into the system, since a large influx of water dilutes the virus, causing the concentration to appear smaller than it actually is.

Watch this space to see how homes and their infrastructure begin to play a significant role in understanding, tracking, tracing and solving the COVID-19 pandemic and similar infectious diseases. To paraphrase a common saying in the waste management field: 'Waste is a terrible thing to waste'.



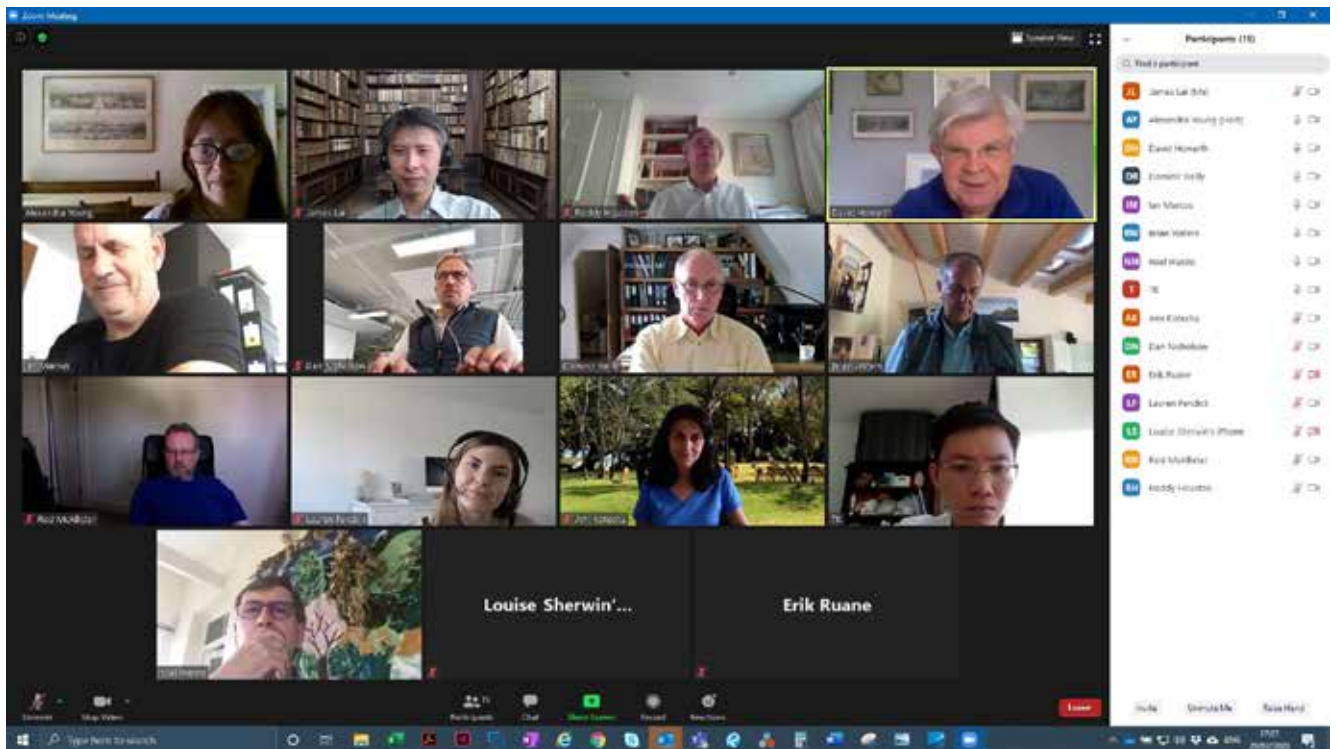


# CULS Committee in Action

Throughout 2020, the CULS Committee has embraced digital innovation, with the regular Committee Meetings and AGM taking place on Zoom. Property is as much about people and relationships as it is about real assets. These screenshots taken over the course of the last few months capture the emotion, enthusiasm, and energy of the team.







# CULS Committee

CULS Committee Members	CULS Position	Company	Position
Ian Marcus	President	Senior Advisor	Eastdil Secured
Dominic Reilly	Immediate Past President	Howard Ventures	Non-Executive Director
Aubrey Adams	Vice President	L&Q Housing Association	Chairman
Lauren Fendick	Honorary Secretary	Taylor Wessing	Partner
Erik Ruane	Honorary Treasurer/ Hon Membership Secretary	Real Estate Business Consultancy Services Ltd	Principal
Werner Baumker	Honorary Press Secretary	Howard Group	Group Director - Property
Roddy Houston	Committee Member	Government Property Agency	Deputy Director
Louise Sherwin	Honorary Careers Officer	Deloitte	Director
James Taylor	Honorary Member for the Regions	Adapt Real Estate	Founding Partner
Professor David Howarth	Committee Member	Department of Land Economy	Head of Department
Martha Grekos	Committee Member	MGLC	Director
Ami Kotecha	Committee Member	Co-Founder AREP, Managing Director AmroLiving	Co-Founder
James Lai	Committee Member	CallisonRTKL	Associate Director
Colm Lauder	Committee Member	Goodbody	Senior Real Estate Analyst
Noel Manns	Committee Member	CULS Real Estate Finance Forum	Chairman
Rod McAllister	Committee Member	McAllister ADF	Director
Sophie Jenkinson	Committee Member	Ashurst	Associate Solicitor
James Shepherd	Committee Member	Knight Frank LLP	Partner
Brian Waters	Committee Member	BWCP	Principal

Honorary Vice Presidents	CULS Position	Company	Position
Dame Kate Barker CBE	Honorary Vice President	Taylor Wimpey PLC	Non Executive Director
Douglas Blausten	Honorary Vice President	Carter Jonas	Consultant
Stuart Corbyn FRICS	Honorary Vice President	Retired	
Professor Sir Malcolm Grant CBE	Honorary Vice President	NHS England	Chairman
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Ian Henderson CBE	Honorary Vice President	Capital and Counties	Non Exective Deputy Chairman
Roger Madelin CBE	Honorary Vice President	British Land	Head of Canada Water Development
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Liz Peace CBE	Honorary Vice President	Adviser -	Property, Politics and the Built Environment
Peter Pereira-Gray	Honorary Vice President	The Wellcome Trust	Chief Executive
Mark Preston	Honorary Vice President	Grosvenor Estate	Chief Executive, Grosvenor Group and Executive Trustee



# CULS Student Prizes

Prize	Awarded By	Amount	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
<b>Undergraduate</b>									
The Noel Dean Prize for best overall performance in Part II (3rd year TRIPOS)	CULS	£750	Sixiang Xu	Leo Kirby	Aleksandra Pedraszewska, Newnham	Samuel Porter	Lucy Merrill// Dana Poon	Ryan Pringle (Trinity)	Isabelle Monnickendam (Jesus) Rebecca Griffiths (Murray Edwards)
The Gordon Cameron Memorial Prize for best performance in Paper 7 (Regional Economics and Policy)	CULS	£500	Ms Luting Chen	Joseph Strange	Arshad Balwa, Homerton Shilpita Mathews, Gonville & Caius	Gabriela Stoimenova, Ruthanne Soh	Patricia Behling	Aadil Siddiqi (Trinity Hall) Yi Lim (Fitzwilliam) Clara Calderbank (Robinson)	Arthur Bessis (Fitzwilliam)
The Mike Turner Prize for best performance in Paper 15 (Advanced techniques in finance and investment for real estate)	CULS	£500	Sixiang Xu	Rebecca Daniels	Aleksandra Pedraszewska, Newnham Sally Monson, Clare Ben Fryza, Jesus	Beatrice Chan	Rohan Choudhuri	Alex Bird (St Catherine's)	Alexander Partelides (Magdalene) Xiaoyu Weng (Newnham) Ka Mok (Newnham)
The Jeffrey Switzer Prize for best performance in Paper 14 (Planning Policy and Practice)	CULS	£500	Stephanie Richards	Richard Alty	Zachary Freud, Fitzwilliam	Harry Lewis, Sarah Galley, Shilpita Matthews	Kevin LI	Pao Maneepairoj (Christ's)	James Hayes (Homerton) Gabriel Kaufmann (Girton) Mahid Qamar (Homerton) Rebecca Griffiths (Murray Edwards) Yi Lim (Fitzwilliam)
The CULS Prize for best overall performance in Part 1B	CULS	£500	-	-	Ayrton Dhillon Selwyn	Ariane Dupas	Patricia Behling	Aadil Siddiqi (Trinity Hall)	Rohan Cardoza (Selwyn) Nick Sweeny(Jesus)
The Nigel Allington Prize for Best overall performance in Paper one	CULS	£250				Patricia Behling	Anna Kelsall	Nicholas Sweeney (Jesus)	Su Low (Newnham)

## Postgraduate: MPhil Real Estate Finance

The Douglas Blausten Award for the best performance in the Real Estate Finance MPhil dissertation.	CULS	£500	Adam Isaacs	Florian Unbehaun	Miss Quanzhi Yang				
Queen's College	Maximilian Exler		Miss Isabel Ottewill of Hughes Hall	Mr Nyshaal Gopal					
The Alistair Ross-Goobey Award for best performance in the Real Estate Finance MPhil	CULS	£750	Lucas Endl	Florian Unbehaun	Mr Luke Duckworth. St Edmund's College	Philip Latham		Mr Daniel Riahi of Hughes Hall	Carl Von Hardenberg (Girton)

# Upcoming CULS Events

Tuesday 8th October 2020 1pm	Sustainability and the Natural Environment Dr Emily Shuckburgh	Virtual Event
Wednesday 14th October 8.30am	How are Owners and Occupiers Adopting Digital and PropTech Innovation? What is adding Value	Virtual Event
Thursday 5th November 2020 9.30am	Inward investment from Asia-Pacific: How attractive is the UK now?	Virtual Event
Wednesday 11th November 2020 4pm - 6pm	Careers in Property Fair 4pm - 6pm	Virtual Event
Thursday 12th November 2020	Market Trends Time tbc	Virtual Event
Thursday 19th November 2020 8.30am	The Investment Case for Rewilding - ESG Series	Virtual Event
Thursday 26th November 2020 6pm-8pm	9th Whitehall Lecture given by Professor Runciman. 'Did Covid Kill the Climate? How do Democracies Fail in a Time of Crisis?'	Virtual Event

Please book tickets online ([www.culandsoc.com](http://www.culandsoc.com))

or contact the Society Secretary

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