



Cambridge University
Land Society

magazine

SUMMER 2014



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Editorial



What inspires me the most about the Cambridge University Land Society is the way its members, from so many different fields and stages of career, are willing to go out of their way to help and support each other. I see it as one of the most valuable ways we draw from the richness of our diverse skills, backgrounds, knowledge base, and networks. The Land Society encompasses an incredibly diverse range of interests across the property industry, on a truly international basis. Members who are involved in a wide variety of areas, such as architecture, planning, and law; finance, investment, economics, and banking; engineering, construction, sustainability, and development; commercial, residential, and rural property; and much more, are all making unique contributions. For instance, the many CULS activities and events have helped me to gain valuable insights in my own field of work: 'Indirect Investments' (real estate private equity investment), with a current focus on Sub-Saharan Africa, the UK, Australia, and the US.

In July 2013, I was asked to serve the Land Society as Press Secretary. It is an honour and privilege to play a role in supporting CULS and its ever-growing membership. In this edition of the CULS Magazine, I have sought to include a broad range of articles, updates, ideas, and thoughts that reflect the full scope of the Society. The result has been an overwhelmingly positive and energetic response! I trust you will enjoy reading this Bumper Edition.

Thank you to everyone who has contributed, with special thanks to Roddy Houston our CULS President, Ali Young our Society Secretary, and my Press Team (Fiona Ratcliffe and Philip Moore). If you wish to be involved in any way, be it by contributing an article or helping with the Press Team, please contact me (werner.baumker@grosvenor.com). We are seeking to appoint a Press Officer for each CULS Forum – I look forward to hearing from you.

Werner Bäumker

Indirect Investments, Grosvenor
CULS Hon. Press Secretary

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Are you "LinkedIn"? If so, are you aware that both CULS 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. Simply search for "Cambridge University Land Society" and both groups will be listed for you to join. Please ensure that you mention Cambridge on your profile to allow the group managers to confirm your membership.

The President

It is a great pleasure and an honour to be writing my valedictory to you, after not one but two years in office. I hope it has been an experience the Society will want to repeat in the future: a longer stint in the chair gives one a little more chance to meet a few more folk and enjoy more of what this wonderful Society has to offer, and I thank you for trusting me with this.

My vision is for CULS to be the first “home of choice” for anybody who studied at Cambridge and now works in the property world, as well as being the alumni Society for all Land Economists, regardless of what you may be doing today. I think our diversity of subjects read and what we do or have done in the workplace is one of the most appealing things about our membership, and this is reflected in the range and quality of articles in this “bumper edition” CULS Magazine.

At the outset I thank all of you who have contributed such interesting articles, which cover an extraordinary breadth and depth of interests and activities, and show-case members who work in all sorts of different areas of the property world. Together these give a real feel of the outstanding breadth of what we offer, and provide our theme for this year, “Unity and Diversity” (or perhaps

we could borrow the EU’s motto, “In varietate concordia” (United in Diversity), which could be apt given firstly the ongoing debate about the EU, as so vocally expressed in the recent European elections; secondly Mr. Cameron’s promise of an In-Out Referendum if the Tories win the next General Election; and thirdly some of us had the great privilege to debate the question of Britain’s membership of the EU over dinner between Lord Lawson and Lord Hannay, which was arranged by Douglas Blausten under the CLEAB banner and is reported on herein – but I digress).

Last year I set out my aims as your President. In summary, I believe we’ve made good progress on all of those:

- (1) We continue setting a “gold standard” of top quality CPD/networking events, which provide such excellent opportunities for members to meet and get to know one another, and have held some fabulously interesting and fun networking and CPD sessions which have stretched the little grey cells in every direction;
- (2) We have been able to maintain our direct

financial support to the Department of Land Economy, if not yet increase it - whilst of course CLEAB have been able to do rather more, as we’d expect, and I thank those of you who are members of both CLEAB and CULS for your generous support to that;

- (3) We have seen a greater take-up from you, our members, in mentoring our student members, and I thank and commend all of you for have volunteered to do that;

- (4) And of course way back in February 2013 we had a jolly good party to celebrate the 50th Anniversary of the Department of Land Economy, to which some 350 members and guests came, which was great fun, and we also launched the CULS “50:50 Appeal”, for members to support the Department directly in small ways if they want to. Again I thank all of you who have chosen to support that, and especially Joseph Poore for setting it up and driving it since.



Roderick Houston
CULS President
Commercial Property Forum, Chairman

However there is more to do. Not only have I enjoyed a 2-year Term, but I also had the luxury of a good lead-in, as well as the superb support of my employer and colleagues, which has enabled me to look in some depth at what we do and how we do it. I am especially proud that, thanks to the efforts and support of your Committee and those of you who not only come to events but bring others too, or help us land sponsorship, over the past few years we have been able to sustain a level of support to the Department of Land Economy which is well in excess of what

we receive in subscriptions income.

This is truly extraordinary: each year for the past few years we’ve been able to donate over 125% of our annual subscriptions income to the University in various ways – mainly via: the CULS Annual Travel Grant; part-funding the CULS Reader in Housing and Real Estate Finance, Dr. Franz Fuerst; and prize monies for academic excellence. We’ve only been able to do this because of the success of our events and ability to land sponsorship, but the market for professional development and networking events is ever-evolving and we find ourselves facing ever-growing competition.

Consequently one of the things I, and other members of the Society, have been doing is looking at our Business Model. We’re trying to find better ways to improve our “offer” to you and hence build a more sustainable cash-flow for the Society.

So, how are we doing this? The first and most important element is to keep the flow of high quality events going, which attract you and your guests and provide our “bread and butter” income. I hope you will agree that our

programme continues to impress, but we’re always open to good ideas of new events, and to volunteers to help make them happen. And most importantly land sponsorship: the cold fact is that, if we are to “stand still” financially as a Society and do around 10-15 events a year, each and every event needs to make an average contribution of about £4-5k towards the Society; and as I have found that is not easy.

Another element is to improve the publicity we get around those events where media coverage can enhance what we’re doing. After some years as our Hon. Press Officer, Paul Clark has handed over the reins to Werner Bäumker (correctly Dr. Bäumker, as he holds a PhD from Cambridge), who is doing an outstanding job of both building relationships with leading trade journals, and encouraging speakers and organisers to welcome press to events. Each Forum now has, or should have, an Assistant Press Officer to support Werner in this vital effort, which most importantly helps our sponsors feel like they get good “bang for buck” for their sponsorship of what we do – which is vital, I think, to keep that going.

The next is the establishment of three New Forums to complement the existing ones – in addition to the “APEC” (“Architectural, Planning, Engineering & Construction”) Forum founded last year, this year we’re setting up the Asia-Pacific Forum and the Cambridge Whitehall Group. The latter will both run the planned “Whitehall Lectures” series, and also a series of private dinners for top-level speakers to give some of our senior members some thought-leadership ideas.

The last is key to our financial sustainability: if we can build a “premium brand” thought-leadership and networking club, then we can place our finances on sound foundations and enable us to do more for you, our membership, at lower cost to attendees. The Cambridge Whitehall Group is being run by Douglas Blausten, whose efforts for the Society are really quite extraordinary, and I, and we all, I think, owe him a great debt of thanks for all that he has done and is doing to support the Society and the University.

There is more to be done: necessarily Douglas would like to hand over the reins for the European and Global Economy Forums to others, and we would very much welcome volunteers to take those on. We need to keep all the longer-established Forums going, and are always looking for energetic and well-connected folk to commit to those; and I remain very conscious that, despite various efforts, we still haven’t yet been able to do more in the regions of the UK, let alone abroad.

With regards to regional events in the UK, we probably need to partner with a local organisation to get the critical mass needed to make an event a success: our membership is thinly scattered outside of London and the South-East. James Taylor of Adapt Properties, based in Bristol, is

our volunteer “Hon. Member for the Regions”, and is working with Paul Clark, who has picked up the mantle of Hon. Membership Officer, to try and move some ideas forward – so I know they’d welcome any help offered.

In the meantime, we have a full programme of events – this Easter Term sees events as diverse as talking about global investment by a Sovereign Wealth Fund to the potential impact of tunnelling on property values, and a trip on the River Thames to look at the swathe of developments on the South Bank to an absorbing session on the impact of sustainability measures on valuations. The “Churchill II” re-visit of the competition to design Churchill College was a fascinating foray into post-modernist architecture; and at our Annual Dinner in Peterhouse on 3rd July we have Dame Fiona Reynolds, who we welcome as a new member, as our Guest of Honour and speaker.

We’re also working on the Michaelmas Term programme, which includes what I’m told will be the 50th CULS Careers Fair. I’ve said before that I think one of the most valuable things we do is supporting the mentoring scheme and helping graduates find that all-important first rung on the ladder. Our Hon. Careers Officer, Louise Sherwin, did a splendid job of mobilising a team to lay on a brilliant event last October, her first in post, and I’m sure that this year’s, on 28th October in the new venue, for us, of the Guildhall in the Market Square in Cambridge, will be even better. If you think you can help mentor students, or even better might be looking to hire someone, please get in touch with her.

Other Michaelmas Term events include:

- **A half-day seminar with Shelter, the housing organisation, on the shortage of housing in the UK follows other events arranged with the Private Rented Sector and, we hope, a Whitehall Lecture on the UK’s housing policy.**
- **The ever-popular CULS Annual Market Update Panel hosted by BDO; and**
- **The reinstatement of the Denman Lectures, which will be given by Dame Fiona Reynolds in Clare College on 27th November (and our thanks to Professor Phil Allmendinger, Head of the Department, for kindly hosting us there).**

This is your Society: I encourage of you to make of it what you can. Our membership is extraordinary and includes some of the top leaders in the property world today – for example, one of our members is a Chief Executive of one of the UK’s leading property REITs, and is also a panellist for Property Week’s “Open Plan” campaign, which was being launched as I write this to encourage diversity in the property world. I am sure we all would like to support his and their efforts to ensure we make the most of talent: it is our most precious resource.

Finally, my thanks to all of you for all your support for your Society, but especially to the

members of Committee and the Forums who make everything happen; to our excellent new Hon. Treasurer, Dominic Reilly, our brilliant new Hon. Careers Officer, Louise Sherwin and our outstanding new Hon. Press Officer, Werner Bäumker, who with other members of Committee and Forums are really helping take the Society forward; to John Symes-Thompson, who is picking up the baton now and will I’m sure most ably lead the Society for the next

year; to our Society Secretary, Ali Young, who is coping well with the many demands made on her to run, on average, two events a month and keep on top of everything the Society does and needs; to my colleagues and employers at Telereal Trillium; and most importantly to my beloved soul-mate Cairríona, who is simply the best. Thank you all.

Roderick Houston

Peterhouse, 1986-1989

Incoming President

I am currently the Senior Vice President of CULS, and will be taking over from Roddy Houston in July this year as President. My father and two brothers went to Peterhouse, as did Roddy, and so I will be proud to take the mantle across Trumpington Street to Pembroke College, the real home of Land Economy as you all know!

My Cambridge career at Pembroke was fairly straightforward with a first year spent in the Economics faculty followed by the two year Land Economy course. Admittedly, I was putting most of my energies into sport and social activities, but didn’t we all? We won the rugby league in my first year and it was all downhill after that!

After leaving Cambridge in 1980 I joined the retail agency and professional department at Healey & Baker, mostly dealing with property in the north of England. My biggest deals were lettings in Eldon Square, Newcastle and the smallest were rent review professional assignments in Consett, County Durham acting for the now defunct British Shoe Corporation! Having squeaked through the APC after three years, I moved on to Hillier Parker May & Rowden in their national investment agency team. Since then, I have somehow built up over 30 years of experience in the commercial investment markets, with 11 years at Baring Houston & Saunders (subsequently ING Real Estate) in a discretionary fund management role and a further 8 years in investment agency as a niche investment broker with ST Camplin Bianco.

At Baring Houston & Saunders (BH&S) I was joint fund manager with three discretionary, separate account pension fund clients (Rolls-Royce PF, Rank Xerox PF and GM Investments PF). This role included strategic and asset management work along with quarterly performance reports to the client.

I was also a regular contributor to the popular BH&S Property Investment Reports, which included cartoon based dialogue between Bull

and Bear if you can remember that far back!

I joined CB Richard Ellis in October 2005 as a Director in their Capital Markets Division. I was responsible for a number of major transactions and consultancy projects on behalf of clients such as HSBC Bank Plc, The Crown Estate, University College Oxford, Targetfollow and ING Real Estate. For HSBC, I managed over 200 sale & leasebacks on branch premises all over the UK, and amongst other interesting jobs I sold the Manor of Rusthall in Royal Tunbridge Wells, containing the Pantiles, one of the earliest shopping arcades in England, together with legal rights over the two main parks in the spa town covering more than 250 acres.

I am now a Senior Director in the 40-strong Investment Valuation team based in the CBRE West End office. We value a large proportion of the leading fund portfolios including Threadneedle, M&G, Aviva and Legal & General. I am currently the lead valuer at CBRE for Standard Life Assurance, UBS Global Asset Management, BAE Systems Pension Trustees, Lothian Pension Fund and Santander in the UK. On the corporate side, my clients include Sports Direct, Bhs plc and Arcadia Group.

I have a specialist knowledge and interest in sustainability issues and am a member of the RICS Sustainability Working Group and the IPD EcoPAS Steering Group. I have been a member of the Land Society since 2000 and involved on the CULS Commercial Property Forum for three years, helping with a number of events. I look forward to helping the Society develop over the next year and will particularly target the involvement of the younger members – our future is in their hands! I would also aim to continue the broadening of our membership through the growth of new forums, such as APEC Forum (Architecture, Planning, Engineering, Construction) and Asia-Pacific Forum, and build up our international affiliates and events, as UK property is proving an ever greater attraction to overseas investors.

John Symes-Thompson

Pembroke, 1977-1980.



FORUM UPDATES & EVENTS: APEC

APEC Forum takes off!

Formed in 2013, the Architecture, Planning, Engineering & Construction Forum has achieved its first four events and has more planned.

APEC Forum aims to support both the Department of Land Economy and the Faculty of Architecture, the latter particularly need help with outside teaching by practising architects. Its launch event on 10th June 2013 was an elegant and stimulating presentation in the council chamber of City Hall by Spencer de Grey, Foster + Partners' joint head of design who is also a visiting professor at the faculty.

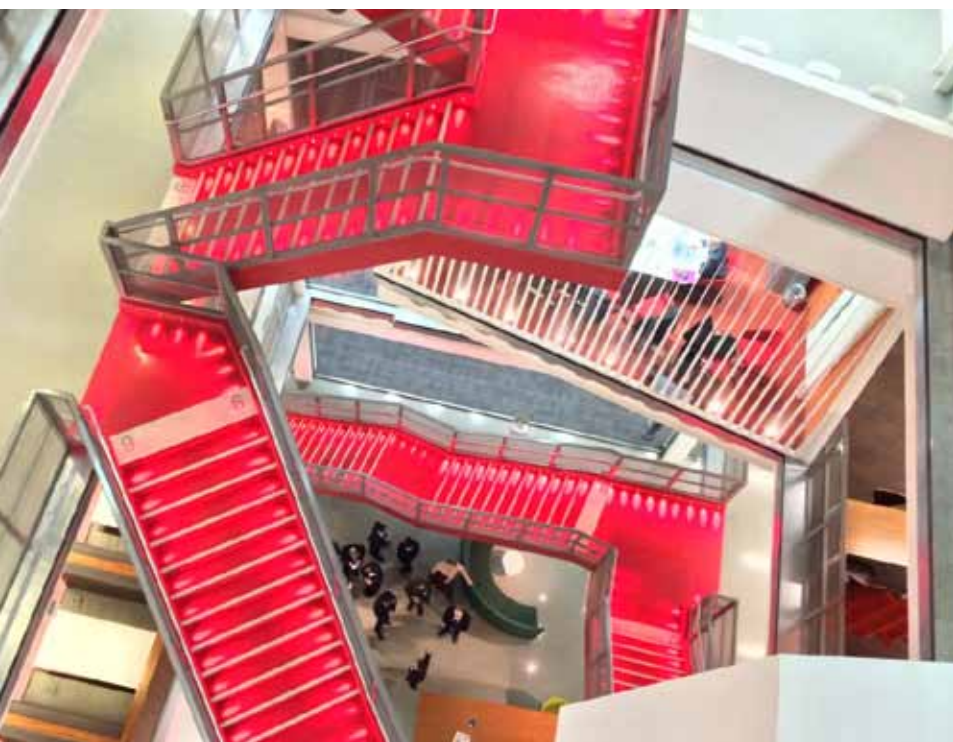
The second event on the future of the workspace was hosted in McQuarie Bank's stunning HQ (Ropemaker Place) on 25th January, a sellout it was well received. The third, a re-run of the competition for Churchill College hosted by Pilbrow & Partners on 1st May and partnered by the Architects' Journal and reported next, was also a sellout and well received.

Our most recent event on 25th June was a lecture by Professor Robert Mair on the extraordinary research into smart infrastructure for deep works going on in his department (Department of Engineering). This research was recently written up in the Weekend FT and in the latest CAM magazine. The lecture was hosted by Berwin Leighton Paisner on 25th June.

Next March we plan to focus on "The Politics of Planning" with a major conference jointly with

Brian Waters,
BWCP, Chairman
APEC Forum, Chairman

Photos from the "Future of the Workspace" event, hosted in McQuarie Bank's HQ (Ropemaker Place) on 25th January.



the National Planning Forum. Spokespersons for each major parties to speak to their planning and development manifestos and updates on current performance to the government's chief planning officer and more. Sponsors are invited to get in touch please.

We are planning a joint all-day conference with the National Planning Forum next March on the theme "The politics of planning", with party spokesmen pitching their policies.

We also have to focus on an event on construction to cover the 'C' in APEC. Ideas and offers welcome. We are now ready to offer sponsorship and plan to seek support for a years' events. Offers also welcome!

The APEC committee is:

Brian Waters (BWCP), Chairman
Rod McAllister, Vice-Chairman
Martin Thompson (Supreme Court), Scribe
Mike Adams (Adams IPL), Yair Ginor (Lipton Rogers Developments LLP), Fred Pilbrow (Pilbrow & Partners), Sara Basamera, Laurie Handcock (CgMs), Dave Iles, James Lai (RTKL Architects).

“Churchill Revisited” Architectural Competition

Sara Basemera
Assistant Planner
Newnham 2012

On 1st May 2014, CULS APEC Forum held its second event of the year, a debate to relive the 1959 architectural competition for the development of Churchill College Cambridge. The backdrop for debate was the effortlessly sophisticated modern offices of Pilbrow and Partners Clerkenwell, who played host for the occasion.



It was a gathering of the great and the good of those with an architectural background and interest alongside the usual professional suspects of surveying to debate the finalists of the famous design competition for Churchill College, the first Cambridge college of the modern era. The crowd was greeted with a very warm welcome including fine refreshments. Under the glow of stage style lighting, the audience rubbed shoulders with one another enjoying pre-drinks in Pilbrow's concrete exposed building.

Chaired by Paul Finch, director of the World Architecture Festival and editorial director of the Architects' Journal and Architectural Review, each scheme was vividly brought to life in a presentation by distinguished architect-presenters to an erudite panel of four critics with an audience of over one hundred guests. There was an air of ambience and enthusiasm as Dr Mark Goldie, informal historian of Churchill College took to the floor to give the key note address. Goldie spoke with gusto explaining how the modernist architecture zeitgeist expanded to include academic buildings lead by the way with the development of Churchill College.

Elain Harwood presented Chamberlin Powell & Bon's (CPB) scheme. Harwood spoke vividly illustrating how the CPB



scheme would have resembled CPB's London's Barbican had it been built.

The panel's verdict on the Chamberlin's scheme was mixed. Spencer de Grey's comments came with great weight having been an undergraduate at the College. De Grey commented that CPB attempted to address context by considering its neighbours - the two other college proposals on adjacent sites. Overall, the panel thought the CPB was the only scheme that had any masterplanning.

Second to the stage was Stirling prize-winner Alison Brooks presenting Howell Killick Partridge & Amis' proposal. Brooks demonstrated how HKPA took a 'plastic sculptural' approach to their designs for the college. The scheme took a play on the monastic quadrangle for the 'pure joy' of experimenting with form and mould as a sculptor with clay.

The panel were not convinced by this proposal, feeling the scheme was far too ambitious and could not have been built at the time. Another member frankly remarked it was 'intellectual expression gone mad' and simply 'ugly'. Overall, the panel felt the HKPA had been unrealistic about how the designs would have been actualised in concrete.

Third was Patrick Lynch, to present Stirling and Gowan's scheme. His presentation was a visually rich display of a succession of photographs showing the buildings which possibly could have influenced the original proposal. He highlighted the original Stirling and Gowan scheme was possibly lost because it only had one poor image of how the scheme would have been! He explained how the proposal was a rare example of truly original modernist English design rather than a 'pastiche of other European projects'.

The panel found the Stirling and Gowan scheme provocative. Lynch argued Stirling and Gowan attempted to design Churchill as a new neighbourhood based on a city. The panel disagreed. One member of the panel remarked it was a 'masterpiece'. Overall the judges thought the proposal was a true post-modernist building but had no idea how it would have finally looked.

Final to the stage was Takeshi Hayatsu, presenting the winning proposal, the Sheppard Robson scheme. He touched on his new development plans for today for more accommodation. He described in detail how the new designers, 6a Architects, will use elements of the old to design to shape the new.

The panel were in agreement on the merits of the winning proposal. It won because of its 'safe' treatment to the revered form of the Oxbridge court yards/quadrangle. However, the scheme in itself wasn't exceptional for its

design. Spencer de Grey gave us some insight as he relived his undergraduate days. He spoke of Churchill as being a lively place with a strong sense of community but simply it 'wasn't the architecture's fault!'

Peter Carolin agreed, chiming that Churchill has a remarkable sense of atmosphere. He also highlighted that architectural competitions for Oxbridge colleges were all about courtyards. Another panel member felt the scheme was logical but not honourable. Overall, the judges felt the community made the building rather than vice versa.



Dr Goldie ended the evening concluding on the achievements of Churchill college as a piece of architecture. He explained how it was a 'traditional college in modern dress. Mark drew parallels between the architectural proposal process of the past to development proposals of the West Cambridge site.

Overall the evening was a resounding success, a night for the architectural buffs to come out of the woodworks in CULS' network and dialogue, providing rich insight into the politics and processes behind architectural competitions. The resounding note was an encore for a similar styled debate on other influential historic competitions.

Chairman

Paul Finch, World Architecture Festival

Speaker: Dr Mark Goldie, Churchill College

Presenters: Elain Harwood, English Heritage, Alison Brooks, Alison Brooks Architects, Patrick Lynch, Lynch Architects, Takeshi Hayatsu, 6a Architects

Panel: MJ Long, Long & Kentish, Spencer de Grey, Foster & Partners, Prof. Peter Carolin, Prof. David Dunster

Filming: William Pine

Thanks to: Pilbrow & Partners, Churchill College, The Canadian Centre for Architecture, CP&B images by kind permission of Frank Woods, HKP&A images by kind permission of John Partridge, S&G images by kind permission of James Gowan, RSR&Ps images by kind permission of Bill Mullins & Sheppard Robson, 1964 film by kind permission of Andrew Sinclair

Attending: Bill Mullins, former partner of Sheppard Robson

Churchill College: Sir David (Master of Churchill College) & Lady Elizabeth Wallace, Sharon Mather, Development Fellow, Livia Argentesi

Publication: Architects Journal.

FORUM UPDATES & EVENTS: APEC



Churchill College re-examined (Press Article)

As part of Cambridge University Land Society's recent 50th anniversary, Churchill College held a 'supercrit' revisiting Sheppard Robson's winning scheme and the three finalists in the ground-breaking 1959 design contest.

Reprint of article by Paul Finch,
16th May 2014 in the Architects
Journal www.theaj.co.uk

Earlier this month, academics and architects gathered to celebrate the University of Cambridge's design competition for Churchill College and the four schemes that vied to win the commission in 1959.

Organised by former Sheppard Robson partner Rod McAllister, the 'supercrit' format saw the original designs represented by experts in the field: Chamberlin Powell & Bon presented by Elain Harwood from English Heritage; Howell Killick Partridge presented by Alison Brooks; Stirling and Gowan presented by Patrick Lynch; and the winning Sheppard Robson proposal presented by Takeshi Hayatsu from 6A architects.

Each presentation prompted discussion from a panel comprising the former head of the

Cambridge University school of architecture, ex-editor of the AJ and professor Peter Carolin; M J Long of Long & Kentish Architects; Spencer de Grey of Foster + Partners and professor David Dunster from the University of Liverpool. AJ editorial director Paul Finch chaired the discussion.

As with the University of Westminster supercrit series, on which the event was based, it is difficult, if not impossible, for the panel to suspend knowledge of what happened in the intervening period before passing judgement. On the other hand, asking people who did not design the projects to champion them provided added interest – the present becoming immersed with the past.

In all cases, the presenters had clearly fallen for the architects whose designs they

were describing. Harwood noted how the Chamberlin Powell & Bon structural themes had been continued in later work, and how clever its site plan had been in combining not just Churchill College, but two other college proposals on adjacent sites.

Brooks was hugely impressed by the plasticity of the Howell Killick Partridge design. Its expressionist verve took inspiration from the engineering of the period, but the practice never realised anything quite like its design for Churchill.

Lynch's labour-of-love Stirling and Gowan presentation was not uncritical, but it did make the case for it being a Postmodern building, not seen again in tone until the Staatsgalerie Stuttgart decades later. It found much favour with the panel too, particularly de Grey (who

was in the first wave of students at Churchill College before it was fully completed).

In the end, it was possible to see why the original judging panel chose Sheppard Robson, even though the scheme as built was a much simplified version of the competition design.

6A architects' Hayatsu explained how the relationship between main and subsidiary blocks, the connections between them and details of materials and ironmongery has inspired his practice 6A's current work on a significant new courtyard block for the college.

The panel raised a series of issues during the discussion, several of which would have made interesting seminars in itself: the benefits and disadvantages of the courtyard plan; the urban or suburban character of the college and the creation of silo or linked spaces.

Mark Goldie, a reader in history and informal historian of the college, had begun the evening by setting the scene for the contest – to honour Winston Churchill and to give the university its first new college for a century. He concluded by welcoming Bill Mullins, the project architect for the winning design and then speculated as to how different the brief might be today – the answer being in almost every respect imaginable, from gender assumptions onward. Indeed the architectural past is also another country.

Paul Finch

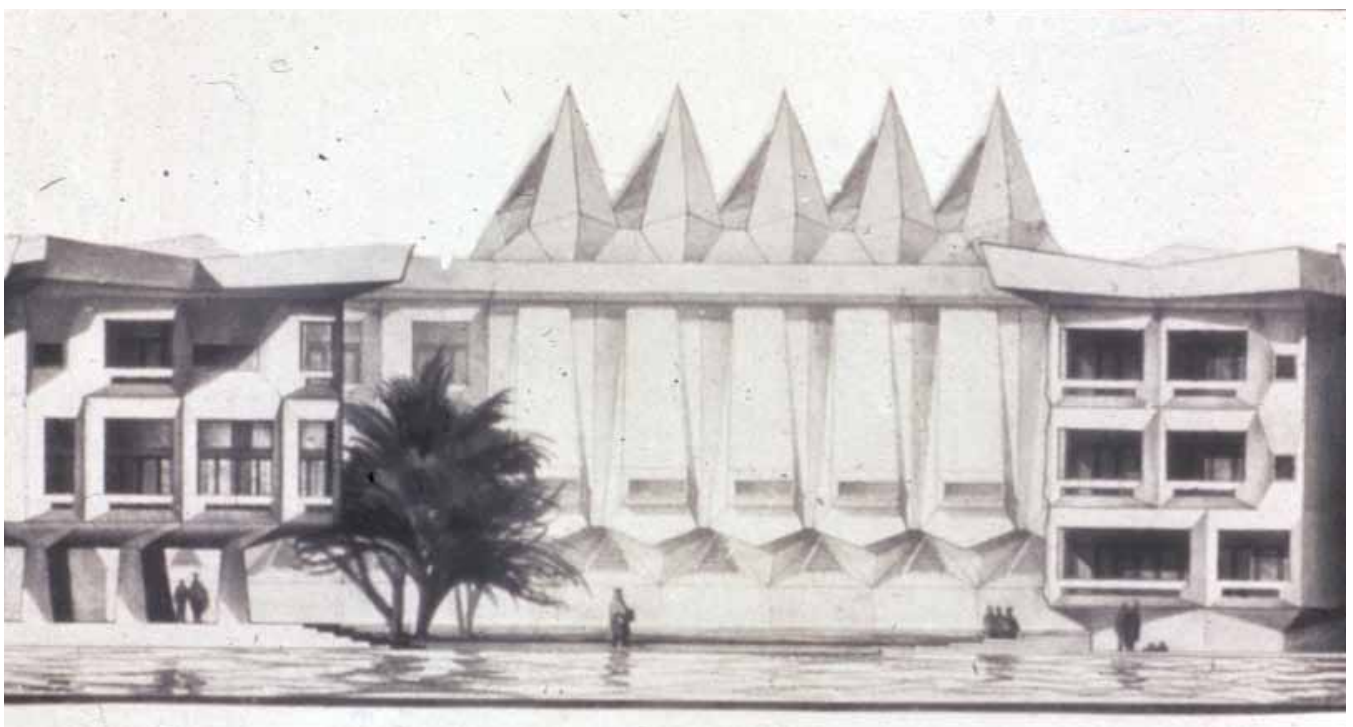
Architects Journal

Project background by Rod McAllister

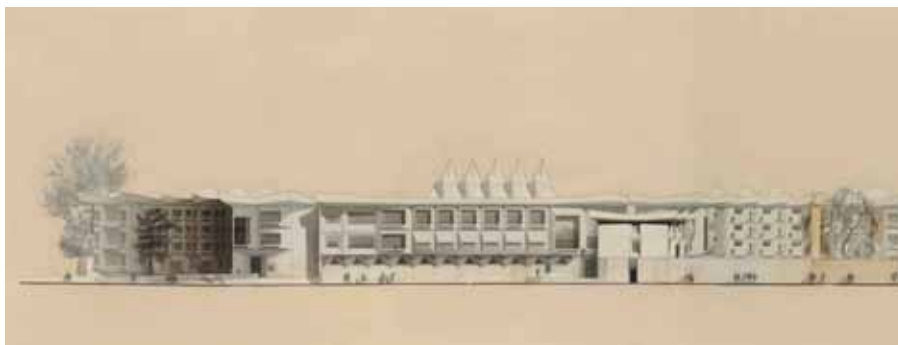


RICHARD SHEPPARD ROBSON & PARTNERS PRESENTED BY TAKESHI HAYATSU

Often described as the safe option – in that it ‘pressed the most buttons’ – the design could also be described as the most sophisticated. Early drawings by Bill Mullins indicate a grid of courtyards superimposed on landscape, now reminiscent of the later 2,000-ton City by Superstudio. This developed into a series of overlapping and ‘floating’ square courtyards that, in turn, surrounded a forum of central structures. It could be argued that the use of materials was more successful than might have been expected of the others.



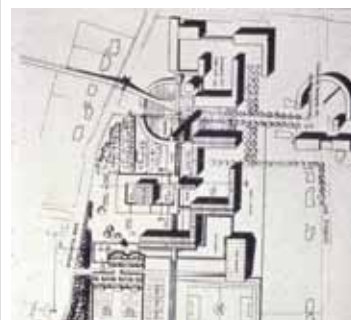
FORUM UPDATES & EVENTS: APEC

**HOWELL KILICK PARTRIDGE
PRESENTED BY ALISON BROOKS**

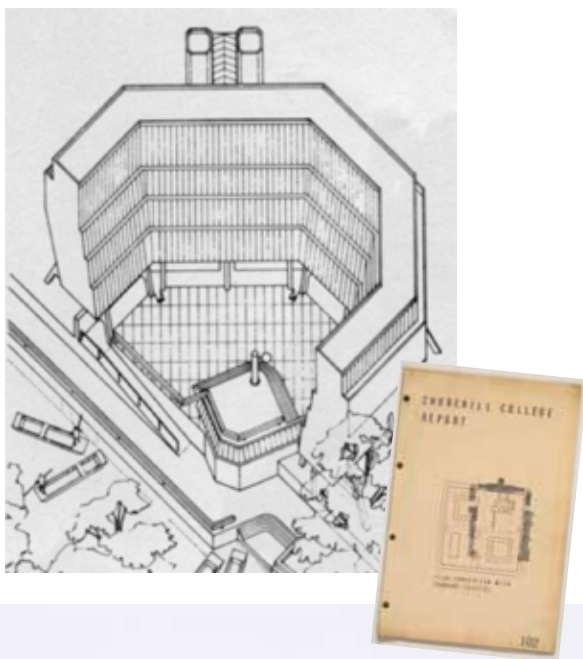
Tipped as the favourite at the time, this entry was put together by four friends as a ticket out of the London County Council and into self-employment. While it didn't win, the scheme caught the imagination of many and directly led to a string of successful academic projects for the team across Britain. The anthropomorphic concept pushes its tentacles across a parkland landscape. The bizarre sections could be described as Gothic or naive. Dunster remarked on the 'ugly' elevations.

**CHAMBERLIN, POWELL & BON
PRESENTED BY ELAIN HARWOOD**

Conscious of the remote location, this concept sought to draw together at least three new colleges being considered at the time around a grand boulevard and then link them strongly with the city centre using a direct cycle route. The proposal is unique among the four in developing a strategy for the development of the area around the site, rather considering the college as an 'island' within the suburbs of Cambridge.

**STIRLING AND GOWAN
PRESENTED BY PATRICK
LYNCH**

Definitely the 'bad boys' of the group: Stirling and Gowan ignored many parts of the brief. This simple and memorable concept frames the site with an Edo castle wall of student accommodation. Bold claims were made about its dominance on the map of Cambridge and similarities to Blenheim Palace (Churchill's birthplace), but the imperial overtones were unpalatable for post-war Cambridge. Could this have become the first Postmodern building in Britain?



FORUM UPDATES & EVENTS: Commercial Property

Commercial Property Forum

The CULS Commercial Property Forum continues to be one of the most active Forums in the Land Society, putting on at least one event per Term, if not more, and meeting regularly to do so.

Our events in 2013/'14

1 The Annual CEO Talk, given by Robert Noel of Land Securities (an Old Marlburian, if not a Cantabrigian...), held on 19th June 2013 and kindly hosted by Hogal Lovells in their excellent auditorium in their Holborn Viaduct offices;

2 A really brilliant panel session entitled, "Britain on the brink? Is the UK's energy policy sustainable?", hosted by Simmons & Simmons in their Ropemaker Place offices in the City on Wednesday 26th June 2013 – this was chaired by Professor Douglas Crawford-Brown, Director of the Cambridge Centre for Climate Change Mitigation Research ("4CMR") in the University of Cambridge, and saw fascinating expositions by Professor John Miles, ARUP/Royal Academy of Engineering Professor in Transitional Energy Strategies at the University of Cambridge; Stephen Burgin, Country President of Alstom UK; and Sam Pickering, Head of Energy and Sustainability at CBRE;

3 A Talk on the North West Cambridge Site, given by Jeremy Sanders, Pro-Vice Chancellor of the University of Cambridge, and attended by over 100 academics and business people in Cambridge – this was given just before our AGM/Annual Dinner on 18th July 2013 in the Hauser Forum, one of the very modern/new buildings on the Science Park;

4 The CULS Annual Market Update Panel, hosted as usual by BDO in their Baker Street offices on 21st November, with an all-Cambridge cast:

- **Steve Mallen, Chair of the Bell-Mallen Partnership, & former Head of Research & Strategy (Property) at Henderson, who superbly chaired this year's event;**
- **Robert Peto, Chairman of DTZ Investment Management Ltd., Past President of the RICS, and also a former President of the Land Society;**
- **Michael Brodman, Executive Director, Valuation & Advisory Services, CBRE;**
- **Mike Bryant, Head of Asset Management, GE Capital Real Estate (Europe); and**
- **Clive Bush, Founding Director of Exemplar Properties Holdings LLP (all are CULS members except Mike, I think...).**

5 The Third Joint CULS/P&FG Lunch, held on 25th February 2014 in Painters Hall in the City and kindly sponsored by Development Securities – Jon Zehner, Head of Global Capital Markets at LaSalle Investment Management and Chairman

of CLEAB, gave us a very thought-provoking talk entitled "Goldilocks and Porridge" and reported elsewhere in this Magazine;

6 Another fascinating panel session on 15th May, entitled "Green Value – myth or reality? The current state of the debate", with Dr. Franz Fuerst, who is the CULS Reader in Housing and Real Estate Finance at the Department of Land Economy, along with Rebecca Pearce, Senior Director and EMEA Head of Sustainability at CBRE, and Ursula Hartenberger, Head of Sustainability at the RICS, debating how far we have to go in understand and measure "Green Value". This was kindly hosted by Dentons UKMEA LLP in their One Fleet Place office, so as you can see we are extremely grateful to legal firms for hosting so many of our events; and finally to date

7 The 2014 Annual CEO Talk was given by Chris Morrish, Managing Director and Regional Head (Europe) of GIC Real Estate, the real estate investment arm of GIC. Based in London, he is responsible for GIC's real estate investments across Europe, and is a member of GIC RE's Global Investment Committee. Chris graduated from Pembroke College, Cambridge, in 1982, and is a member of the Advisory Board if not yet of CULS (but we have high hopes...!). This was hosted by CBRE.

Furthermore, whilst not really a Commercial Property Forum Event as such, yours truly was involved in obtaining sponsorship for and attending the extraordinary Conference for the NHS Property Services Company held on 8th November 2013 at the Royal Academy of Engineering, Prince Philip House on Carlton House Terrace – whilst this could only be attended by NHSPS Co. senior managers and stakeholder invitees only, the panel assembled included a number of senior CULS members such as:

- **Peter Bennett, City Surveyor of the Corporation of the City of London;**

- **Adam Dakin, Joint Managing Director, Telereal Trillium;**
- **Roger Bright, former Chief Executive of The Crown Estate;**
- **Paul Marcuse, Chairman Designate, Royal Institution of Chartered Surveyors;**
- **Ian Marcus, Non-Executive Director, The Crown Estate and erstwhile Head of European Real Estate Investment Banking at Credit Suisse;**
- **Francis Salway, now Non-Executive Director at The Cadogan Estate and former Chief Executive of Land Securities; and**
- **Kate Barker, Senior Visiting Fellow at the Department of Land Economy.**

Together with the other speakers there, to my mind this comprised an outstanding panel, and made it one of the best CPD events I've ever attended. Telereal Trillium's sponsorship of the event enabled CULS to fund the drinks reception afterwards, and to publish a booklet of all of the presentations made. Douglas Blausten, who amongst his many other interests is Vice Chairman of NHS Property Services Ltd., hosted the event in superb style and continues to help NHSPS develop its strategy. My thanks to him for organising it, and to my colleagues at Telereal Trillium for their support and sponsorship.

Our events planned and in the pipeline for the rest of 2014 include the following:

The Commercial Property Forum is active and we have quite a few members, but we'd always welcome anybody interested in making such things happen: we particularly need to get better at landing sponsorship, so anybody who knows possible sponsors would be most welcome. Special thanks go to Hannah Durden, formerly of F&C REIT Asset Management and now at niche business Berwick Hill, who has tirelessly organised several of the above events and who also arranges the CULS Golf Day, and to all the team for all their efforts in arranging and supporting these events.

Roderick Houston

CULS President

Commercial Property Forum, Chairman

Wednesday 16th July 2014 6:00pm sharp to 9:00pm (no disembarkation prior)	"Battersea – The power behind South London's regeneration", a boat trip on the Thames to review the South Bank with US Embassy, etc.	From Festival Pier, on the MV Elizabethan, finish at Westminster Pier
Tuesday 4th November 2014 8:30am-1:00pm	CULS/Shelter "Housing Shortage" event – "Solving the Housing Shortage", a series of panel events being arranged by CULS as a Joint Event with Shelter	RIBA, 66 Portland Place London W1B 1AD
Thursday 13th Nov. 2014 7.45am-9.30am	Market Update Panel hosted by BDO – chaired by Steve Mallen, Chair of the Bell-Mallen Partnership (former Head of Research at Henderson); other speakers TBC	c/o BDO LLP – 55 Baker St., London W1U 7EU
Thursday 27th Nov. 2014 6:00-9:00pm	Denman Lecture by Dame Fiona Reynolds DBE, with drinks reception afterwards	The Riley Auditorium, Clare College, Cambridge CB3
Thursday 11th Dec. 2014 TBC – 12:00-5:00pm	Varsity Match – CULS box, kindly sponsored by CBRE	Twickenham Stadium

Green Value – myth or reality?

The current state of the debate CULS Breakfast Forum, 15th May 2014

No other 'hot topic' has dominated the discourse in the property industry more than the adoption of industry practices to achieve higher levels of sustainability and resource use efficiency. Previously considered at best a secondary concern for investors, there is now hardly a major industry player that does not have an elaborate sustainability agenda in place if they haven't gone 'green' entirely. The plethora of new eco-labels and eco-benchmarks introduced in recent years is testimony to this trend. At times, it may seem that the multitude of existing metrics obscures rather than illuminates the answers to the fundamental questions around green property investments.

A recent CULS Breakfast Event on 15th May 2014 hosted at the premises of Denton's, overlooking the City skyline, aimed to shed some light onto the issue of green property investment and green value from three different angles: the academic evidence, the industry experience, and the perspective of a pre-eminent professional body. The speakers were Dr Franz Fuerst, sustainability expert and CULS Fellow at the Department of Land Economy, Rebecca Pearce, Senior Director at CBRE and responsible for the company's sustainability agenda in the EMEA region, and Ursula Hartenberger, the RICS Global Head of Sustainability.

The consensus across all three talks was that there is plenty of evidence that investments in green commercial properties can improve financial performance, tenant satisfaction and productivity, slow down the pace of obsolescence and mitigate a large range of risks, including marketability and regulatory risks. Franz Fuerst's talk focussed on ways to measure 'green value' using econometric techniques to analyse data samples from a large number of markets around the world. He gave a quick overview of his published and ongoing academic studies on measuring 'green value'.

Dr Franz Fuerst

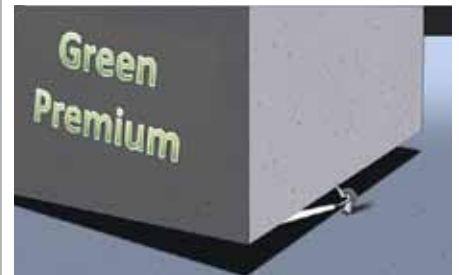
Reader in Housing and Real Estate Finance, Department of Land Economy CULS Fellow, as well as Fellow and Director of Studies at Trinity Hall

Taking the industry perspective, Rebecca Pearce's talk showed how the somewhat vague term 'green value' can be broken down into concrete and tangible actions that benefit all stakeholders. Ursula Hartenberger emphasised the progress that has been made in the last three to four years to break the 'circle of blame' that had prevented valuers from taking sustainability into account, developers from building more green buildings, banks from financing them and investors from purchasing them.

All speakers underlined the importance of markets and asset pricing as crucial for policies and private initiatives to be effective when much of the debate in the industry still seems to revolve about the 'threat' of government intervention and new rules or 'green' levies and taxes. In order to push the industry in the right direction it was argued that we should be using a centralised, top-down directive alongside a 'good building' approach to cover all bases.

The academic studies presented in this talk demonstrate in the context of various countries and markets (BREEAM, LEED, Energy Star, etc.) that eco-labels and energy efficiency are indeed reflected in property prices and rents. Despite this upbeat message emerging from these academic studies, Fuerst's talk also highlighted a number of paradoxes surrounding the 'green value' proposition, for example the rebound effect which means that the potential savings of a green retrofit are wiped out in part or completely by behavioural changes in response to these improvements. However, the scientific evidence shows that the rebound effect is rather small, mainly in the range of 10-20% and that some claims used by opponents to drum up support against

energy efficiency policies are overstated. The issue of internalising the externality was also discussed to avoid those free-riders who rely on others to invest in the sustainability agenda. Another potential problem with the academic green value studies is 'publication bias', i.e. the fact that significant empirical findings tend to get published more frequently than insignificant or inconclusive results. It is not known, however, if and to what extent the body of evidence on green value is affected by this problem. Similarly, there is a possibility that positive messages emanating from these studies about the existence of green value can amount to a self-fulfilling prophecy where



landlords are encouraged to set higher asking rents for green properties and tenants are more willing to accept them. A similar dynamic may be unfolding in the sales transaction arena but there are no studies to back up any of these claims. The threat of not being able to sell or even let a building after 2018 with an EPC rating of worse than an 'E' could be crippling for certain property owners. But it was agreed by the majority of the audience that the underlying issues surrounding much of the concerns of the CRC Energy Efficiency Scheme are linked to the quality of EPC ratings in the first place along with a call for the government to provide much needed clarity on what the required EPC rating will be in order to sell and let buildings from 2018.

In the Q&A following the presentations, the speakers also agreed that the definition of a green building is much more than just energy efficiency. Green buildings are no doubt part of a larger trend towards 'better' buildings in general with an increased focus on tenant and occupier experience. The bottom line is that we have come a long way since Kermit the Frog first proclaimed that 'it's not easy being green'. Sustainability concerns are now part and parcel of most commercial property investment strategies.

If you have any feedback on this article, the event itself, or would like to be involved with any future events on this topic then please contact Hannah Durden on Hannah@berwickhill.co.uk. We are looking at holding a similar event later in the year on the practicalities of implementing a sustainability agenda including green lease clauses and building improvements that can improve the EPC rating.



Joint CULS/P&FG Lunch – 25th February 2014

Goldilocks and Porridge: Summary



The Cambridge University Land Society (CULS) and the Property and Finance Group (P&FG) held their third joint event on the 25th February 2014 - it proved to be a great success. The speaker was Jon Zehner AB MBA, Global Head of Client Capital Group at LaSalle Investment Management and Chair of the Cambridge Land Economy Advisory Board ("CLEAB"). Jon joined LaSalle in March 2012 from AREA Property Partners, where he was a Senior Director. Prior to AREA, Jon spent 28 years at JP Morgan Chase, where he held a number of senior positions including Global Head of Real Estate Investment Banking and Head of sub-Saharan Africa. He has an MBA from Harvard School of Business Administration and an AB in Economics from Dartmouth College.

Our host, Barry Gilbertson PPRICS ACI Arb CRE, greeted the members of both societies and ten young students from the University of Cambridge, and introduced Jon, pointing out that John Pierpont Morgan's personal net wealth was recently estimated at ca \$42Bn in today's terms (at its peak), whereas LaSalle Investment Management manage ca \$47Bn of assets. Jon Zehner was quick to point out that LaSalle manage 3rd party money, whereas Mr. Morgan's wealth was all his own. Amongst the participants were several prominent members of both CULS and the Cambridge Land Economy Advisory Board (CLEAB), including Julian Barwick of Development Securities; Roger Orf of Apollo Management Ltd.; Stephen Barter, Chairman Real Estate Advisory, KPMG; Graham Edwards, Chief Executive Officer, Telereal Trillium; Alec Emmott, former Managing Director, Societe Fonciere Lyonnaise; Julia Martin, Director, Jones Lang LaSalle Corporate

Finance; Martin Poole, Finance Director, Greycoat Estates Ltd, and Timothy Sketchley, Director, Old Park Lane Management Ltd. (Julian Barwick, Roger Orf, and Timothy Sketchley are all CLEAB members).

Painters' Hall has been the chosen venue for the P&FG quarterly lunches for many years. Early arrivals were able to explore the fine collection of Royal Portraits dating from the late 17th century through to the current Royal Family. A short drinks reception was followed by a lunch in the main Hall - the largest and grandest of all the rooms at Painters' Hall - which features magnificent stained-glass windows displaying the arms of the Liverymen who became Lord Mayors of the City of London. The Chairman introduced the only strict rule of the event: "only one student per table", allowing each student to fully engage with professionals from different fields of property and finance.

Jon Zehner's speech was entitled "Porridge and Goldilocks". Jon did an excellent job, completing the seemingly impossible task of summarising the state of the global economy and capital markets in just fifteen minutes. Roddy Houston, CULS President, later referred to the speech as a "rapid-fire exposition of statistics facts, insight and learned opinion".

The event, kindly sponsored by Development Securities, provided ten students the opportunity to attend. It seems the link between the Land Economy Department and the real estate industry is getting stronger and stronger, and we hope to see more such events in the future.

A summary of Jon's speech is presented next.

**András Kapuvári, Jesus College,
Final Year Land Economy student.**



Joint CULS/P&FG Lunch – 25th February 2014

Goldilocks and Porridge: The Talk

Jon Zehner spoke at the Joint CULS/P&FG Lunch, held on 25th February at Painters' Hall, on the state of the global economy and capital markets.



Jon Zehner AB MBA,
Global Head of Client
Capital Group at LaSalle
Investment Management
Chair of the Cambridge
Land Economy Advisory
Board ("CLEAB").

The topic of my talk is "Goldilocks and Porridge". Why did I choose this title? You will recall the wonderful children's fable of "the Story of the Three Bears" originally penned by Robert Southey in 1837 which morphed into the story that we now know of as Goldilocks, a little girl with golden hair who ends up confronting three bears after tasting their porridge. The other reason for the title is that David Shulman wrote, in 1992, about "The Goldilocks Economy: Keeping the Bears at Bay". Since, the phrase "a Goldilocks Economy" has often been used to describe an economy with solid growth, yet low inflation, such that monetary policy could remain market friendly. In other words, an economy that was "just right" in terms of temperature, reminding us of Goldilocks's exclamation regarding the third bowl of porridge whose temperature was "just right". What has struck me recently is the clear dichotomy between what policy makers think of the current economic situation and what major investors think of the current investment climate. It is a hard to believe that they are looking at the same situation; eating from the same bowl of porridge.

1) The Policy Makers

There are several reasons why policy makers should have a positive outlook: The Interbank market is working again - CDS spreads have declined and are steady. Risk of a break-up of the Euro has receded significantly from 2013 when it seemed a real possibility. Government bond rates in southern Europe are significantly lower.

However, there are some real concerns to cause them to lose sleep: Risk of deflation is quite real as the ECB reports that inflation in the Eurozone was just 0.7% in January 2014, down from 0.8% in December 2013. This is well below the ECB target of 2.0% inflation and many critics question why the ECB has not been more aggressive in its quantitative easing to stimulate the euro zone economy. The European banking system remains a major risk as it is under-capitalised and with real questions about asset quality – ECB stress tests of banks risk triggering a recapitalisation of the banks, which would be painful but a likely necessary step to improve lending appetite in Europe. Unemployment is a real issue. Spain now has a 26% unemployment rate which is its peak unemployment rate. The 18 member Eurozone has unemployment of 12% which is also its peak level. The UK is better with unemployment of 7.2%, down from a peak of 8.5%. The issue in the

UK is wage growth relative to inflation. By some calculations, wage growth in December topped inflation for the first time since June 2008. Economic growth in the U.S. is stronger than in Europe, but this is prompting the beginning of tapering by the Federal Reserve Bank, although it has been modest to-date. To be clear, tapering is not tightening, it is simply the Fed, or any central bank, increasing its balance sheet at a slower rate. We need to put quantitative easing into the vast experiment category as it has taken extraordinary measures to help drag the global economy back to its feet. Undoing quantitative easing, with minimal disruption to the economies and financial markets will be difficult. Past experience with Fed tightening indicates that it has had a dramatic impact on markets and as the emerging markets' reaction has shown, there is little reason to expect that this time will be different. Employment growth in the Eurozone is expected to be less than 0.4% per annum from 2014 to 2018. The UK is projected to be better at 1.0% growth. Political stalemate exists in Italy with its fourth Prime Minister in two years (only one of which was elected) and France with a President who is only now understanding the gravity of France's situation. To help you understand the depth of France's issues, you will be interested to know that FDI into France in 2013 was down 77% from 2012. Overall, policy makers in Europe remain very concerned about the sustainability of the recovery. The U.S. is looking better with tapering a sign of greater confidence as the S&P 500 Index is at record levels. One statistic that I like as evidence of the sustainability of long-term growth in the U.S. is that power costs in the U.S. are 50% to 70% cheaper than in Europe. From the policy makers' perspective, between a weak banking system, the real risk of deflation, weak economic growth and high unemployment, European economic porridge is definitely still "too cold".

2) Real Estate Investors

From the perspective of the real estate investment community, there are several reasons to think that the market has not yet recovered to strong levels. Bank balance sheet lending in the UK has been declining for four years, although it moved up in 2013. European investment volumes are still less than 50% of 2006/2007 volumes. Secondary quality assets still have yields that are 450 basis points higher than prime asset yields in Europe. Madrid and Barcelona prime office capital values have fallen by 60% since Q2, 2007. Real estate investment volumes in France in 2013 declined by 9% versus 2012.

However, some areas are showing real signs of life: 22% increase in UK investment volumes in 2013 over 2012. 75% increase in Spain and Italy investment volumes in 2013 versus 2012, although from a low base. UK all property total returns in 2013 were 10%, 5.5% of this was income returns, the remainder was capital appreciation and rental growth. London

residential real estate prices rose 15% in 2013 with a significant increase in non-UK capital invested in prime London residential real estate. The FT recently quoted that 34% of prime resale transactions are with non-UK buyers and that non-UK buyers were acquiring almost 75% of new build homes in central London.

Other indicators show such strength that one doubts how long it can be sustained: Indeed, 2015 to 2017 capital appreciation is projected by LaSalle research to broadly disappear, with cash yields and rental growth driving returns. China accounts for half of all high rise buildings currently under construction around the world. Shanghai offices under development are 89% speculative and the total space under development represents almost 40% of existing office stock to be completed in 2013/2014 (JLL July 2013). As a comparison, London office space under development is 65% speculative but represents only 5% of London's existing office stock. Investment volumes may be at 50% of peak levels, but they are equal to investment volumes in the second half of 2005. Public equity markets are at or near record highs around the world and the level of IPO's is very strong (in the U.S., 2013 levels were at the highest level since 2005) – a reminder of 2005! It is widely recognised, that the world has downturns about every eight years. Given that the last downturn was 2008, the next can be expected in the next couple of years. Having attended investor sessions at the World Economic Forum at Davos and an Urban Land Institute Board Meeting in January, the consensus amongst the investment community was that we have 18 to 36 months. There was no consensus of the cause, although significant interest rate increases, regulatory scrutiny of the asset management industry, concerns about China unravelling, and social unrest as a result of growing income disparities, made the list. Historical evidence shows that capital growth is weakly correlated with the base rate (1981 to 2012). Prime properties with low yields are most exposed to interest rate increases. Hence, there must be capital growth to protect cap rates. Overall, the “porridge is getting relatively warm” from the perspective of the investment community and the temperature is clearly “getting hotter” as the investment community is increasingly focused on the timing and cause of the next downturn.

3) With this clear dichotomy of views, what are investors actually doing?

Investors are consolidating due to economies of scale. This is most apparent with superannuation funds in Australia as well as with European investors clubbing together to garner better fee deals and louder voices. Investors are decreasing the number of managers they work, given the unmanageable volume of managers on the market and the weakening of some managers' investment and client service performance. With core assets fully priced, investors are moving up the risk curve to value-add and opportunistic strategies which had declined significantly between 2008 and 2012. Global opportunity funds have become a force again. Investors are also increasingly focused on yield and rental growth prospects as capital appreciation is less likely. This partially explains the increasing global focus on logistics assets and niche real estate sectors such as

student housing and care homes. Investors are 100 basis points below their target allocations (for institutional real estate) due to the denominator effect as equities have increased and due to the fact that investors are finally getting their money back from prior real estate fund investments. Uncalled commitments are down 30% in 2014 from 2013. Consequently, many institutional investors are currently increasing their allocations to real estate. New fund launches in 2013 are still less than 50% of 2007 and still only half of these are actually raising capital. 17 months is the average time from fund launch to final closing. \$68 billion was raised in 2013, up 50% from 2011. Global funds of size are dominating. Focused funds are increasing as a proportion of total funds raised and value-add and opportunistic funds are also increasing as a percentage as investors move up the risk curve. Investors are increasing the proportion of their investments made outside of their home markets although a home market bias remains. UK institutional investors remain some of the most home market focused in the world. Separate account mandates are growing in popularity with larger investors. Institutional investors are increasingly expanding their definitions of real estate to “real assets” or “real estate and infrastructure” as they have similar return characteristics.

I suspect that 2014 is an inflection point from a capital raising perspective and from a downward fee pressure perspective. We are moving into more stable investment conditions, but overheating and interest rate increases are risks that seem to have many market participants expecting reasonable economic conditions before we see the next downturn in the next 18 to 36 months. Personally, I think that it will be at the longer end of that spectrum (i.e. towards 36 months) as I believe that policy makers will continue to provide sufficient stimulus to the economy, due to the continued slack discussed earlier. Nonetheless, the longer the stimulus remains in place, the larger the correction is likely to be when it arrives. Given all the stimulus used to-date, one may wonder what arrows will remain in the quivers of the policy makers to help soften the next downturn?

What to do if you are a Goldilocks real estate investor worried about porridge that is too hot?

- **Stick to the largest cities, even if not in the central areas, as they are growing the most and are likely to draw the greatest capital flows;**
- **Focus on the demographic trends: invest in medical office and retirement housing on one end of the age spectrum and invest in residential real estate in walkable urban areas as that appeals to the younger working age generations as well as the older generations;**
- **Focus on technology and property that benefits from technology, i.e. logistics;**
- **Don't let leverage get too high. If there is one lesson learned from the previous downturn it is that excess leverage in a downturn has a disproportionate impact on equity returns and on the risk to the asset.**

At the moment, the temperature of the porridge is “just right”, but beware of bears (of the furry and the economic type) that may get hungry and spill the porridge sometime in the next few years.

I suspect that 2014 is an inflection point from a capital raising perspective and from a downward fee pressure perspective

FORUM UPDATES & EVENTS: European Property, Global Economy

CULS European Property Forum

Douglas Blausten

European Property Forum, Chairman

The European Property Forum has run an annual Business Breakfast to coincide with the Munich ExpoReal Conference in October of each year. We have run eight annual breakfasts and have entertained over 500 guests in this period. 70 members and guests attended the October 2013 breakfast held at the Metropole Restaurant at the Munich Messe, which was sponsored by Cyril Leonard (who have sponsored and organised the whole series for CULS) and for the second year co-sponsored with WOLFF & MÜLLER. There are over 150 CULS members or Land Economists working in the EU outside the UK and we are seeking to involve more members with the Forum's work.

CULS European Forum Breakfast – Munich



Gero Bergmann (middle), Member of the Supervisory Board, Berlin Hyp, with Douglas Blausten



James Jacobs, of Lazards with Ian Watson CEO of Hansteen plc



Global Economy Forum

The Global Economy Forum organised two major events in the year – a Conference and a Lecture.

NHS Property Services Company Conference, 8th November 2013

Over 200 delegates from the NHS, Department for Health, Cabinet Office and the Government Property Unit attended a full day Conference jointly organised with NHS Property Services at the Royal Academy of Engineering in Carlton House Terrace on the subject "Developing a roadmap to cultural change: the stewardship of the NHS's property portfolio". The event was co-sponsored by NHS PS and Telereal Trillium and the speakers included:

- Douglas Blausten – Vice Chairman, NHS Property Services Limited
- Simon Holden, Chief Executive, NHS PS
- Peter Bennett, City Surveyor, The City of London Corporation
- Ian Coull, Member, Government Property Advisory Board
- Roger Bright CB, former CEO, The Crown Estate
- Paul Marcuse, Chairman designate, the RICS
- Francis Salway, Non Executive Director, The Cadogan Estate
- Chris Kane, CEO, BBC Commercial Projects
- Adam Dakin, Joint Managing Director, Telereal Trillium
- Rachel Kentleton, Director of Strategy, EasyJet plc
- Kate Barker CBE, Senior Visiting Fellow, Department of Land Economy
- Lucy Armstrong, CEO, The Alchemists

The Conference saw numerous thought leaders come together to share best practice on running a successful real estate portfolio. The proceedings have subsequently been published by the Society with Roddy Houston and Paul Disley-Tindell of Telereal Trillium as well as Victoria Ormond of the Department of Land Economy editing the proceedings. There is an online version which can be downloaded from the Society's website (members/documents section) and a number of hard copies are also available for a donation to the Society of £5. If interested, please contact Ali Young, Society Secretary (01638 507 843, culandsoc@alibrinkley.co.uk)

The Inaugural Whitehall Lecture, 25th March 2014

240 delegates and guests attended the Inaugural Whitehall Lecture followed by a Reception at the Royal Institution of Great Britain in Mayfair. The Lecture was given by Professor Sir Malcolm Grant CBE, Chairman of NHS England, and recently Provost and President of UCL prior to which he was a distinguished Professor of Land Economy at Cambridge and a Pro-Vice Chancellor. The lecture entitled "The extraordinary challenges of future healthcare and the estates implications for the NHS" is reported upon separately in the Magazine, but the Society in conjunction with The Estates Gazette will be publishing the lecture this year. A podcast / voice recording of the lecture is available online: www.egi.co.uk/news/article.aspx?id=780547) Sponsors for the lecture were Fulcrum, Simons Group, Bevan Brittan, DTZ and Interserve.

Further lectures have been scheduled with Kate Barker CBE on UK Housing Policy, Lord Deighton on UK Infrastructure Policy and Sir David Higgins CBE on UK Transport Policy.

Douglas Blausten, Global Economy Forum, Chairman

Photos of the Inaugural Whitehall Lecture, 25th March 2014



Professor Peter Tyler with Sir Malcolm Grant



Sir Christopher Howes and Professor Sir Malcolm Grant

Amongst those in the audience are Jenny Edwards, CBE, CEO mental Health Foundation; Dame Fiona Reynolds, Master, Emmanuel College; Sir Richard Sykes, President of the Royal Institution; Ian Coull, Chairman of Galliford Try; and former Presidents of CULS, Dr Robin Goodchild, Robert Peto and Professor Alan Gillett, OBE.

FORUM UPDATES & EVENTS: Global Economy

REBECCA KENT

The crisis-hit NHS and supply-starved UK housing market could have a cure for one another.

NHS chairman Sir Malcolm Grant said in a Cambridge University Land Society lecture on 25 March that the provision of healthcare is changing at a faster rate than hospitals and clinics can provide for. Because of this, total wasted space across the service adds up to 20.5msqft – bigger than London's Hyde Park.

With a shortfall of more than 1m homes in the UK, a government push to plug the gap, and developers turning to the residential market for quick returns, the surplus NHS property provides some exciting prospects for the housing sector.

NHS Property Services, which was set up in March 2013 to make savings on the NHS estate, has control of 4,000 assets valued at £3bn from around 160 abolished primary care trusts and 10 strategic health authorities.

It has pledged to sell more than 200 properties by April 2015, raising £100m in capital receipts.

But critics have suggested that the sites with best potential for development are being overlooked.

According to James Leaver, head of public sector property at Knight Frank, breathing new life into parts of the NHS estate will take “imaginative” developers.

He argues that the more testing parts of the estate are often the older listed Victorian properties that are not suitable for modern healthcare. Conversely these are the best for residential redevelopment. However, they are not necessarily the properties that have been brought to market so far.

“It is perverse that the old Victorian hospitals are a part of the estate that presents the greatest challenge to the NHS because they convert well to residential,” says Leaver.

“They have highways access, service access, and a number of

Housing: *a shot* in the ARM *for the* NHS

ANALYSIS

The underused parts of the NHS estate are bigger than Hyde Park

More than 200 properties will come to market by 2015

them are quite attractively landscaped, so offer a good environment for housing.”

Agents say the NHS has so far taken a scatter-gun approach to sales with no consideration of grouping together potential portfolios for disposal.

Savills' head of public sector consultancy Alex Dawson says NHS Property Services is still getting to grips with the assets it has inherited.

“Once it fully understands the estate, there are huge opportunities to be released,” he says.

“It has some great opportunities that remain vacant, which with a co-ordinated strategy, could be released sooner.”

But there have been some success stories. Helical Bar and Baupost Group paid Barts and the London NHS Trust £55m for the 2.3-acre St Bartholomew's Hospital site in 2011, rising by up to a further £35m upon securing planning consent at the end of 2012 for a scheme including 225 flats, 230,000 sq ft of offices and 27,000 sq ft of shops.

Barratt London, meanwhile, is redeveloping the former the St Andrews Hospital in Bromley-by-Bow, E3, as a 964-home development.

Redrow London managing

director James Moody says: “NHS sites are well located, in good, strong-community areas and make ideal residential and mixed-use developments.

“When you look at the mayor of London's aspirations [for 42,000 new homes a year in the next 10 years], we need more public sector assets.”

By 2020 the NHS will require £30bn – 25% more than it receives at present – to maintain services. As part of a major reorganisation, Grant says the NHS is now considering providing its services in schools, shops and pharmacies. And this has the potential to raise money from more sales and free up more sites to keep house builders interested.

The NHS estate is potentially a huge asset. But only as long as it can adapt to changing demands. By that I mean the way we care for patients.

The country's financial circumstances have been changing rapidly and this will have an effect on the delivery of healthcare.

In the UK we are facing a similar crisis to other developed economies in that not one of our healthcare systems will be sustainable in their current form in the next decade.

Taking the UK for the purposes of this argument, I would say the NHS and its vast 17m-acre estate has not yet adapted properly to the changing patterns of ill health, especially the shift from communicable to non-communicable degenerative disease. It is fragmented and instead of concentrating fully on those who are in need of care, it has become increasingly dominated by providers of healthcare.

The NHS employs around 1.3m people and has roughly 1m patient consultations a day. But it has been estimated that for every hour of NHS contact patients engage in almost 5,000 hours of self care. That should give a pause for thought as we contemplate what form healthcare may have to take in the future along with the role of the NHS estate.

At one level, none of the

SICK BUILDING SYNDROME IS WEAKENING NHS

OCCUPIER VIEW

Malcolm Grant

**Chairman,
NHS
England**



Freeing up the provision of care from the estate in which it traditionally has been provided could be a major catalyst for change

estate's challenges differs from those of any large industrial organisation, and healthcare is, above all, a service industry. Witness the transformation which overtook banking in the past few decades. Most modern banking is now virtual, with clients acting as their own cashiers, and banks' former high street premises are often sold to become restaurants and boutiques. Also, consider the revolution in retail, where online shopping is giving the high street a run for its money.

The NHS estate currently owns floorspace equalling more than 300m sq ft, excluding primary care premises.

It has been estimated that the NHS estate's assets in England are valued at £44bn. But there are other more worrying statistics. Current estimates of the total wasted space across the NHS amount to an area greater than the size of Hyde Park, or if you prefer, the entire Tesco estate in the UK. Dealing effectively with this level of waste and enhancing the management of the NHS estate could swell the health service's coffers by around £2.3bn every year.

Even buildings that have been procured relatively recently are difficult to adapt to the rapidly changing demands of modern healthcare provision. The NHS estate tends to be tied to siloed healthcare delivery, but there is already a lot of boundary hopping occurring, such as GPs employing consultants within their own practices. But why can't we see GP surgeries located within pharmacies, or even inside retail outlets? Wal-Mart runs a significant

primary-care function in its retail outlets in the US. Freeing up the provision of care from the estate in which it traditionally has been provided could be a major catalyst for change. A recent example is the establishment of NHS Property Services Limited, which holds more than 4,000 properties, amounting to about 20% of the total NHS estate. The value of the business is around £3bn. It is one of the biggest property companies in Europe, but unlike Europe's other property firms, which have been built over decades, NHS PropCo has had property thrust upon it.

NHS Property Services has a difficult task ahead of it, but I think it is a good model for what we might need in the future if only in the sense that it has brought into single ownership an unusually fragmented estate.

Part of a talk given in the first of the Cambridge University Land Society's Whitehall Lectures Series on 25 March.

PODCAST: HEAR MORE FROM MALCOLM GRANT

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Photos of the Inaugural Whitehall Lecture, 25th March 2014



Real Estate Finance Forum:

Breakfast Meeting of the Cambridge University Land Society
with Paul Brundage, European Head of Oxford Properties – 5th February

Noel G H Manns MA (Cantab) FRICS
Principal, Europa Capital LLP
Real Estate Finance Forum, Chairman

The day dawned with a strike by Underground Transport workers in London. Over 40 of a larger number of booked attendees managed to make it to the well-appointed offices of Lazard, the kind hosts for this event.

One attendee had struggled in with a broken leg, others had tales of travel woe, a former CULS President sported sneakers (she had forgotten to put her usual court shoes in her bag) and even the guest speaker was delayed by the traffic. Such was the spirit, that the meeting cast off these shackles.

The guest speaker, Paul Brundage, an Executive VP and Senior Managing Director for Oxford Properties in Europe, had agreed to be interviewed, “Parkinsonesque” by CULS Committee member Noel Manns of Europa Capital. Paul was open and candid with his answers.

Noel noted that Oxford was a wholly owned subsidiary of the massive Canadian pension plan, OMERS (Ontario Municipal Employees Retirement System) with assets of CDN\$ 60 billion. Why did Oxford exist?

Oxford was previously a listed Canadian company that OMERS took private in 2001 and, when combined with other previous acquisitions and the existing team, became the wholly owned platform for OMERS real estate investment. Oxford Properties is a fully staffed property investment vehicle, which contrasts to many large pension funds who have largely outsourced the real estate role. OMERS is focussed upon absolute returns not relative returns. Real estate is a key feature of its portfolio, alongside infrastructure which is managed by another subsidiary, Borealis.

Paul had arrived in London, the entrepôt to Europe, in the dark days of 2008. One of

his first events was to attend a Europa Capital meeting held, fittingly (given the high explosive business dangers of the time), in the second world war cabinet rooms under Whitehall...he had even had to listen to a Dad’s Army sketch performed by the Europa team wearing tin hats etc....such was the “survival spirit” of those days in 2008/2009.

At that time Oxford had one development in London (Watermark Place) but saw an opportunity as the crisis unfolded. To continue the military analogy, Oxford was one of the first of the new wave of overseas investors to get “boots on the ground”. Oxford sought to be a well-capitalised partner of choice.

This ambition has been fulfilled over the last five years whereby Oxford is now the partner of the Crown Estate in St.James’s, of British Land in the Leadenhall Building in the City, and has ownership at Green Park, Reading, to name but a few.

Oxford came to London to diversify and to find higher returns than in its home markets. It is now looking in other “global cities” in Europe but is unlikely to invest heavily in the UK outside the south east.

Noel noted that there are now many Canadian, Australian, Chinese, Korean and other funds prowling the streets of London for good deals and the world has become more competitive. Oxford (and a very few others) has sufficiently sized teams on the ground to be true JV partners.

The meeting ended with a Q&A session and more, first rate, croissants supplied by Lazard.

Rural Forum

After a two-year rest, the Rural Forum revived the Spring Break in April 2014. Members and guests, aged 25 to 85, spent a sunny day on the banks of the River Thames at Mapledurham and an evening at Lady Margaret Hall, Oxford.

Rural Forum Committee

James Pavey, Thomas Eggar LLP –
Chairman
Giles Dobson, Bidwells
Florence Wolfe, Smiths Gore
Dr Ian Hodge, Department of Land
Economy



Florence Wolfe and Sarah Mason

Spring Break 2014 Mapledurham Estate & Oxford

Jack Eyston, our host at Mapledurham, is a life-member of CULS. In a wide-ranging introduction, he spoke about the history of Mapledurham. His family (the Blounts) are recusant Catholics and their faith has, in no small part, shaped the fabric and fortunes of the house and estate. He also talked about his custodianship of the house and estate since he took it on in a parlous state in 1960; about managing a diverse estate, from golf to hydro-electricity, and from supplying milk to M&S to supplying land for the Reading Rock Festival campsite; and about his future plans. Much, he said, he owed to what he learnt from Professor Denman at Cambridge.

Before lunch, we were given a guided tour of the house itself, including its late eighteenth



The mill's Archimedes screw



Looking east: the view towards Reading



Our host Jack Eyston, with Rural Forum Chairman James Pavey



Dinner at Lady Margaret Hall

Past President Andrew Waters, Jill Waters and Jill Halliwell



century chapel in Strawberry Hill Gothic. After a hearty lunch at the Caversham Heath Golf Club, Corrie, the Estate miller, took us around the water mill – the only working watermill on the Thames. It also houses an Archimedes screw, the first of two hydro-electric turbines on the Thames, installed and operational in 2011 and providing electricity to the Estate and linked to the National Grid. The second belongs to Her Majesty The Queen.

After visiting the parish church, whose nave is Anglican and whose Bardolf Aisle is Catholic, we drove to Oxford.

Lady Margaret Hall was the venue for an excellent and entertaining dinner, which was thankfully lighter on speeches and heavier on anecdotes.

Our thanks for an excellent day go to Jack Eyston, as well as Corrie and Lola at Mapledurham; and to our sponsors, Bidwells and Thomas Eggar.

After this year's success, the Rural Forum proposes to organise a Spring Break for 2015 – and invites suggestions from CULS members as to the venue. We also intend to organise a London meeting, possibly with the London Branch of the Country Land and Business Association.



Mapledurham watermill and its miller, Corrie



Jack Eyston with Sir Timothy and Lady Granville-Chapman

FORUM UPDATES & EVENTS: Silver Street Group

Silver Street Group continues to have a busy year

The Silver Street Group (SSG) caters for current students and those members of the Cambridge University Land Society who graduated in the last fifteen years. A new committee was formed at the end of 2012.

SSG holds networking and career development events for those about to embark in a career in property; or in the earlier stages of their career.

2013/2014 was a busy year, with events including:

- **The SSG Annual Dinner at the Saville Club:** a sell-out dinner, with students, Cambridge graduates and guests.
- **Halloween Wine tasting at Ashursts:** a successful themed networking event, and obligatory fancy dress!
- **Summer Drinks at the Drift Bar, Heron Tower-** sponsored by Cobalt Recruitment, a busy networking event, with those lasting to the end of the night, making it to the top of the tower.
- **2013 CULS Property Careers Fair event in Cambridge:** CULS event, including speed career talks - speed dating for career progression!



- **'How to make it in property' panel debate at Ashursts:** a career development event with a panel of senior property professionals, followed by networking drinks.

SSG is continuing to organise a variety of interesting upcoming events in 2014 including Summer drinks, the CULS Property Careers

The SSG committee is:

Francesca Leverkus, Co - Chair
Colm Lauder, Co- Chair
Sophie Pickering, Laurie Handcock, Blake O'Donnell, Jack Martin, Hugh Sancroft-Baker, Lizzie Cullum.

Fair in Cambridge (CULS event), Halloween wine tasting, Christmas event.

Please feel free to get in touch with the committee if you'd like to get involved with organising an event or joining the committee. To stay in touch, join our linkedin and facebook pages.

SSG Annual Dinner

Cambridge University Land Society's bright young things gathered at the Savile Club for the Silver Street Group's Annual Dinner on 5th March. With a membership made up largely of alumni of Cambridge's Department of Land Economy who have graduated in the last 15 years, the group represents a wide range of young members of the property industry. Generously sponsored by Cobalt Recruitment, Tishman Speyer and Kennor, the event saw attendees from across the sector, including surveyors, planners, investment managers and real estate solicitors

enjoying a champagne reception and an excellent three-course meal in the Savile Club's opulent dining room.

Attendees represented a number of firms, among them Savills, Tristan Capital Partners, Ashurst, Topland and Lazard. The Silver Street Group members were joined for pre-dinner drinks by a number of esteemed members of the Cambridge Land Economy Advisory Board (CLEAB), among them Marc Mogull, Managing Partner of Benson Elliot, Gerald Parks, CEO of Pacific Real Estate Capital Partners, Douglas Blausten, Senior Partner at Cyril Leonard, and the Land Society's President Roddy Houston, Asset Management Director at Telereal Trillium.

After dinner and a raffle (with prizes including a magnum of Champagne and dinner at the Ritz), guests were addressed by Roddy Houston, who, in typically bullish mood, beseeched the assembled to realise development potential abroad, particularly in China, whose economic growth continues to sit at around 8%. Overall the evening was a huge success, filled with fertile debate and networking with a varied and

interesting crowd. The Silver Street Group hopes for even more success over the coming year, with a number of other excellent events in the pipeline.

Laurie Handcock MA (Cantab), MSc, IHBC Associate Director, Historic Buildings, CgMs Consulting, SSG Committee



Photos of the SSG Annual Dinner, 5th March 2014



FORUM UPDATES & EVENTS: New Forums

New Forums

The Cambridge Whitehall Group

The Society has established a new Forum, the Cambridge Whitehall Group. It aims to be a high level influential policy discussion group of well-connected Cambridge alumni, who are mainly members of CULS. It pulls together a previous legacy of high quality events over the last decade which are outside the mainstream of CULS activities, into a special group with a membership of individual and corporate members. It will operate from September 2014 through a series of focused business lunches and dinners in London for up to 25 attendees per meeting under the Chatham House Rule.

Its events will cover a wide range of

macroeconomic, business, social and educational issues of the day – the Economy, Foreign Affairs, Social and Health Policies, Finance and Investment, Environment, Housing, Technology, Real estate Investment and Finance, Urban Planning, Education and Politics. Membership is by way of an annual subscription.

Speakers who will be leading these events, so far include the Rt Hon Lord Hesletine; Lloyd Grossman OBE; Lord Browne of Madingley; Professor Lord Hennessey, Atlee Professor of History, London University; Gideon Rachman of the Financial Times; Lord Eatwell Opposition Spokesman of the Economy, House of Lords and President of Queens College; and Lord Finkelstein, Executive Editor, The Times. There will be about 20-25 events a year for group members.

In addition, the Cambridge Whitehall

Group will run the recently launched Whitehall Lecture series. Details of the Inaugural Whitehall Lecture are given elsewhere in this Magazine, under the Global Economy Forum section. The Inaugural Whitehall Lecture held in March this year was organised by the Global Economy Forum because the Cambridge Whitehall Group had not yet been launched. The lecture series will be transferred and run by the Cambridge Whitehall Group when it starts in September.

We hope this will be a successful venture for the Society, breaking new ground and helping to provide a stream of revenue to support its activities. If you are interested in joining please contact Douglas Blausten – douglas.blausten@cyrilleonard.co.uk

Douglas Blausten,

**The Cambridge Whitehall Group,
Chairman**

CULS Asia-Pacific Forum is launched!

As all CULS members will be aware, the University of Cambridge attracts a significant number of students from China including Hong Kong and the wider Asia-Pacific region, especially Singapore and South East Asia. In particular the Department of Land Economy has a high proportion of Chinese/South East Asian students studying its courses, especially the Real Estate Finance MPhil, where usually at least half of the students each year come from the region. The majority of these students return to work in Asia. We also believe there will be many other graduates from the University who may not have studied Land Economy but are also working in the Asia-Pacific region in the fields of property & construction in their widest sense – be they



architects, designers, developers, surveyors, financiers, civil engineers, lawyers or whatever.

As a result, Roddy Houston, our current CULS President, has been the real driving force in establishing an Asia-Pacific Forum. The forum, currently chaired by James Lai (an architect at RTKL) and vice-chaired by Lauren Fendick (a real estate senior associate at Taylor Wessing LLP) has been set up to develop a CULS Asia-Pacific Chapter to replicate some of what we do here in the UK and to forge stronger links with those who work in the Asia-Pacific region. James and Roddy have been working with the University's Development and Alumni Relations Office and the Department of Land Economy to do this.

We plan to build these links with existing established Cambridge (/Oxbridge...) alumni groups in the region, including in particular a group of recent Cambridge alumni (most of

whom read the MPhil. in Real Estate Finance in the Department of Land Economy) who have fairly recently set up the Cambridge Real Estate Finance and Investment Alumni Society in Asia ("CREFIASA"). CREFIASA has 5 sub-committees in Beijing, Hong Kong, Shanghai, Shenzhen and Singapore.

As mentioned in Dr Helen Bao's article in this magazine, the Department of Land Economy sent 5 dons and 12 PhD students to China last September and is planning to do the same this year – if we can help it with funding. If possible, CULS would like to join the Department on this trip in order to meet with alumni to start building strong foundations for the CULS Asia-Pacific Chapter.

CULS is therefore looking for enthusiastic volunteers within the Society who have a strong interest in the Asia-Pacific region to make this happen. Such volunteers could do real estate related business in the region or indeed in the UK with Asia-Pacific investors or other businesses. The forum will be based here in London/the UK, operating as a focal point and hopefully putting on an event or two a year, as a stepping stone to building up a CULS Asia Pacific Chapter in time in the region.

Please do get in touch with either James (jlai@rtkl.com +44 (0) 20 7306 0404)

and/or Lauren (l.fendick@taylorwessing.com +44 (0)20 7300 4828) if you are interested in building and running the CULS Asia-Pacific Forum.

**Roddy Houston, James Lai
and Lauren Fendick**



VIEWS FROM CULS' HONORARY VICE-PRESIDENTS

Stuart Corbyn

Older and Newer Estates



Stuart Corbyn, FRICS,
Chairman, Get Living London,
CULS Honorary Vice President.

Previously served as Chief Executive of the Cadogan Estate until 2008, a position held for 23 years, as well as President of the British Property Federation (BPF)

On telling friends in the property industry that I was joining Cadogan Estate in 1986, a number clearly thought it was a strange decision on the basis, amongst other things, that Cadogan's Chelsea portfolio of about 90 acres included extensive residential interests. At the time, residential property was regarded with scepticism by the mainstream UK property investment market, and best avoided as both an asset class and an employment prospect. Council tenants had recently become entitled to 'Right to Buy' and, in the private sector, long leasehold residential was subject to increasing attention from politicians wanting to add to the protection afforded to lessees. The rental market was continuing its decades of downward spiral, its share of total housing stock heading into single percentage figures, with landlords only making flats and houses available for rent in the open market in exceptional circumstances.

Cadogan's residential portfolio mainly comprised long leases subject to headleases, with some locations with regulated tenancies. The subsequent relaxation of controls on the private rented sector (PRS) provided the opportunity to make longer term plans embracing a residential

including offices, retail and leisure, have evolved over time alongside residential on most of the London estates, whilst still often being subject to headleases. Occupational leases for commercial tenants tended to be on institutional terms of 20 or 25 years, which were being met by growing resistance from occupiers.

Cadogan took the view that, while the traditional role of ground landlord had worked well for some 300 years, it was no longer entirely suitable for managing a mixed commercial and residential estate in London. Long term aspirations for the wider area could be achieved more effectively with a direct involvement in shorter term issues as well, so that influence could be brought to bear at an early stage to reflect the longer term strategy.

Converting from a ground landlord with a limited relationship with occupiers to a hands-on role is an interesting transition. People in the property industry tend to be excited about the real estate rather than those who occupy it, but for a landlord with long term ambitions, working relationships with occupiers are all important. Cadogan began to bring management in-house, removing the barrier (or protective screen!) between owner and occupier created by a headlease or managing agent, and engaging direct with occupiers.

In practical term, this meant buying in headleases where possible and carrying out, and retaining, direct developments. More importantly, for commercial occupiers the change included making available shorter leases than the market norm to interesting organisations. This helped the occupiers to contribute towards creating an identity for the area and to concentrate on running their business rather than being concerned about property issues (for example applying cost of living increases to rents rather than open market reviews). At the time Cadogan initiated this approach, there was resistance from agents in particular because of the departure from conventional terms, even though shorter leases are now common. For residential lettings, the changed approach meant offering longer leases than the market norm to give people the chance to make a home and, by again applying cost of living increases to rents, be relaxed about the financial commitment.

The acquisition of East Village, the former athletes' village, as a joint venture between Qatari Diar and Delancey (QDD) bears similarities to Cadogan's Chelsea estate, with QDD having the luxury of starting

from scratch. Although comparing Stratford and Chelsea may raise the odd eyebrow, the development of Chelsea in the 18th and 19th centuries contributed to transforming South West London. East Village, with the adjacent Queen Elizabeth Olympic Park, Westfield shopping centre and office schemes, is a major transformation of East London, which will inevitably take time to become established.

Covering an area of about 70 acres, including public realm and communal gardens, with 2818 homes (of which just under half is social housing owned by a specialist provider), development plots with consent for a further 2000 mainly private homes and a number of neighbourhood shops and cafes owned by QDD, East Village also has a health centre and an 1800 pupil school.

QDD is making all of its 1439, 1 to 5 bedroom, private homes in this phase available for rent, a significant endorsement for the private rented sector with the recognition of the need for homes on an alternative basis to owner-occupation.

By making these available on 3 year leases, with the tenant's ability to break earlier, QDD wants people to make a home and, by adopting cost of living increases rather than open market reviews, be able to plan their financial commitment. QDD also believes that hands-on management is essential for the benefit of its residents and the future success of its investment and has set up a dedicated operation, 'Get Living London', based in East Village to let and manage these properties.

After a long absence, the private rented sector has returned as an important ingredient in the housing market and as a mainstream investment opportunity, with possibly a greater realisation of the importance of tenant relationships and management. From a personal point of view it is fascinating to have been involved with one very long standing investor and being part of another in its infancy.



'Get Living London' homes overlooking Victory Park at East Village, the new neighbourhood at the former London 2012 Athletes' Village.

letting option. However, this coincided with preliminary skirmishes that lead to three progressively onerous pieces of legislation extending leasehold enfranchisement to a very large part of the estate, bringing to an end the prospects for what had, for centuries, formed an important element of the portfolios of many long term property investors. This applied not only to those for whom property was a principal activity, such as Cadogan, but also numerous charitable organisations including ones as diverse as the Royal Hospital Chelsea and Royal Commission for the Exhibition of 1851.

Residential property development by means of headleases has historically formed the basis of the traditional London landed estates and residential investment remains a significant asset for most, although the Pollen Estate, in Mayfair, now comprises commercial uses almost exclusively. Valuable commercial uses,



Public realm at Duke of York Square, developed by Cadogan

VIEWS FROM CULS' HONORARY VICE-PRESIDENTS

Ian Henderson CBE

The Role of Publicly Quoted Corporations in Government Lobbying

Previously Chief Executive of Land Securities PLC from 1997 until 2004, Past President of the BPF 2002/2003, and, amongst other appointments, is currently Non-Executive Deputy Chairman and Senior Independent Non-Executive Director of Capital & Counties Properties PLC and Chairman of the Governors of the Dolphin Square Foundation.

Throughout my career at Land Securities, I was more involved than most in lobbying politicians and local authorities – at first those with whom we interfaced on account of our property development and investment

activities, and then more widely on behalf of the industry as a whole. This became essential due to the increasing power of the press and public opinion, and the growing political interest in the property industry that flowed as a result.

When asked in 1972 to disclose details of Basil Spence's design for the new Home Office at Queen Anne's Mansions, I was instructed by the then Sir Harold Samuel, and incidentally the major benefactor of the Cambridge University Land Society (CULS), to inform the press that it was our building, we would do what we liked with it, it was none of their business and we did not intend to divulge any detail or make any comment. Land Securities' attitude towards the press has changed quite considerably since then.

At that time, the Government or Property Services Agency (PSA), were empowered to grant themselves consents without very much consultation. This was particularly ironic given that the original building at Queen Anne's Mansions, that we had demolished, had given rise to the introduction of planning legislation as Queen Victoria had been so offended by the size of the building, which could be seen across the park from Buckingham Palace.

Subsequently, in the early 1970s when the market became very overheated and politicians of every hue decided that the property industry should be taxed more heavily, we saw the Barber tax imposed. And of course Harry Hyams' apparent refusal to let Centre Point resulted in the empty rates levy – even though he had tried, and failed, to let the building.

Against this background, I found myself being asked to prepare papers on Parliamentary activity

for my then boss, the late Sir Peter Hunt, on all matters appertaining to the industry, whether I was an expert in them or not! Negotiating with the then Minister of Housing, Mr Reg Freeson, over the serious consequences of the rent freeze, and checking Hansard every day, was not a particularly enjoyable experience.

It was something of a relief then when the British Property Federation (BPF) emerged and we managed to establish some form of consensus, among what were then a disparate group of individuals, as to how to try to present the case that the industry was there to create places and spaces for people to live and work in, as against merely exploiting the nation's

property assets.

In fact, we were able to work quite closely in partnership with a number of the provincial cities where we had redeveloped post-war bombed out city centres by injecting our own capital into their land, utilising our expertise and sharing the proceeds after a priority yield had been established.

Generally, we found the Socialist local authorities were no more difficult to work with than many Tory administrations as they often seemed to be just as much in tune with our objectives of putting the heart back into a community.

At times this lobbying could be extremely frustrating as quite unsurprisingly we were seen as being motivated by short-term returns – because of the cyclical nature of the industry, some parties made enormous returns by using excessive leverage, but when they got the timing wrong they left carnage in their wake, as we saw in the secondary banking crisis of the 1970s and after the Big Bang at the turn of the 1990s.

As the BPF became much more professional, it filled an enormous shortfall in the credibility of our industry and the communication of our mission, and great recognition needs to be given to the late Sir Peter Hunt for the way in which he championed all that is best in property.

After the crash of the 1990s, we found that central London infrastructure was in a dire state. When I went to see the leader of the London Region of the Confederation of British Industry to suggest we should be trying to improve this situation and get the European Bank located in London, the then Chairman, a director of the German Commerce Bank, advised me we

should not be lobbying for this as it should go to Frankfurt.

At this stage I found myself totally frustrated. We had conducted a survey of public opinion as to the priorities for London Underground, which confirmed the need to put in place the repair of the existing infrastructure, followed some way behind by the need for a Chelsea to Hackney line, now of course known as Crossrail Two.

Again, totally frustrated, I adjourned for a luncheon with the then Director of Planning and Transportation at Westminster, Mr Sydney Sporle, and a feisty journalist, Mira Bar-Hillel, at the Royal Society of Arts. She advised me to stop moaning and form an organisation which she insisted should be called London First, which I was duly authorised to do by Sir Peter Hunt to promote the need to repair the infrastructure before embarking on new schemes such as Crossrail.

I was promised by a Cabinet Member that if we did not lobby too hard before the 1992 election, we would be granted a Minister for London in the event that the Tories won. After a series of setbacks, London First thrived under the guidance of Lord Sheppard and subsequently excellent leadership by others.

The lobbying then moved into other spheres as, having visited the States to see shareholders, we were very impressed by their model of Business Improvement Districts (BIDs). This prompted us to promote the first BID, the New West End Company, comprising Oxford Street, Regent Street and Bond Street, which was treated with the gravest suspicion by the retailers until Vittorio Radice of Selfridges, Boots, and Marks & Spencer joined the fray.

Subsequently, I had the privilege of chairing the New West End Company from the 1990s to 2008, and I believe that the promotion of how the private sector can better work with local authorities has been of benefit to the community, and this example has been followed in very many other areas.

Slowly, the industry has learned to manage its impact on the communities we serve and from whom we derive support – we ignore our residents at our peril! Perhaps this is why we also need to manage some of the PR agencies that have sprung up to serve us, but who in turn can sometimes exceed their mandate and try to determine our strategy on our behalf. It is we as investors who are best placed to understand what we do, and the benefit that we bring to the wider society.

London First



Ian Henderson CBE FRICS
CULS Honorary Vice-President

Liz Peace CBE – Reflections from a retiring lobbyist!

I quickly discovered an industry that was reeling from three successive hikes in Stamp Duty from the Labour Government of Tony Blair and a strong perception that they did not like the property industry and the people in it, seeing it as a tax cash cow rather than a valued partner in creating growth in Britain. REITs had been argued for strenuously by the industry - but the well-researched case assembled by a group of leading experts had been dismissed by the Treasury with barely a nod to the compelling financial and other arguments.

There had also been a sustained assault on the leasing practices of the industry - though that had started long before the Labour Government - which were considered to be feudal in the way they allegedly forced poor downtrodden tenants into long leases that they didn't really want and that went up at more than the rate of inflation every five years.

Internally, the British Property Federation (BPF), although well run, was facing a crisis of confidence from across the industry which at best regarded the BPF as a club dominated by the large property companies and at worst something that needed to be superseded by a super-industry body, preferably led by the hugely successful and charismatic then head of the Property of Council of Australia.

As I leave the industry almost 13 years later, I like to think we have made some real progress on all of the above and that the BPF has played no small part in ensuring that property - or real estate as some of my members prefer to refer to it - is seen as a key contributor to economic growth, environmental improvement, and social cohesion.

From the economic perspective, one of my first tasks in the BPF was to ensure that both the industry and Government understood just how much we contributed to GDP and what that contribution covered. Being able to point out that our industry (at 5.9% of GDP) was actually bigger than financial services was a good way of getting noticed. And then talking about the places we were rebuilding, the community contribution we were making through S.106s, and the infrastructure we were providing, showed the politicians that we were an industry that could help them achieve their objectives. To his credit, John Prescott, with his own very strong personal focus on urban renewal, was a great supporter of the industry, as was Mayor Ken Livingstone, notwithstanding his tendency to lapse into calling us his rapacious property developer partners!

The corollary of seeing us as part of the economic growth story for UK was that the Government, and the Treasury in particular, did spend more time listening to our tax concerns. True - we weren't able to reverse the Stamp

When I joined the property industry as a complete newcomer in 2002, I had absolutely no idea what I was letting myself in for.

Duty rises but we played a significant part in the transformation of the tax into SDLT and the industry has enjoyed stability in the rate for commercial property from 2001 to the present day.

But it was in the area of REITs that we had our most significant breakthrough. To this day, I am still not sure exactly why the Treasury decided to re-open the debate - perhaps they (or Gordon Brown) genuinely thought REITs were the route to housing investment or that the UK was being by-passed by international capital because we did not have a structure that the rest of the world recognised. The outcome, however, was a long, often frustrating negotiation that finally yielded fruit with the creation of the first REITs in January 2007 - just 6 months before the market started its downward spiral into the worst recession ever experienced. The fact that only one REIT failed - and for very different reasons - is a testament to the robustness of the structure that was created and the ability of the REITs to tap into the capital markets to ensure their survival. I am delighted that they are all in

such robust health today, with more new REITs joining their ranks on a regular basis.

Modernising financial perception was one thing; dealing with the whole issue of leasing practice and the related subject of customer care and awareness was another. Indeed I would go as far as to say that back in 2002 there were some landlords who did not feel they had customers at all - only tenants who were deemed to be largely irrelevant once the lease was signed and they were locked in for a decade or more. MPs' postbags were allegedly filled with tenants complaining about the practice of granting Upward Only Rent Reviews (UORR), and faced with this, Government was determined to act.

A new leasing code of practice negotiated by a group of industry bodies including the BPF was the first step but seemed not to have assuaged Ministers' concern. So we did something that had never been achieved before and got all the major players in the industry to sign up to a voluntary declaration on subletting - by which landlords undertook not to stand in the way of tenants subletting their unwanted space at below the passing rent - a move which tenant surveys had told us would go some way towards soothing their dissatisfaction. This, together with a gradual move in the industry towards providing more flexible leasing products and a more general trend of actually listening to and consulting customers, did the trick - the Government dropped its UORR legislation. Notwithstanding this, I am pleased to see that the industry has continued the trend of modernising and improving the way it deals with its customers - indeed in one particular office park they refer to their tenants not just as 'customers' but 'guests'. One can only hope, in the interest of financial viability, that these people see themselves as 'paying guests'.

It was during this time that the spectre of climate change started to impact on the property industry. The Government wanted to act and buildings were a rather visible target in the war against carbon emissions and inefficient energy use. Many in the industry saw this as a great opportunity to enhance our reputation as a socially responsible sector of business: we could really make a difference by building our occupiers resource efficient buildings. Consequently, we hardly needed to encourage the BPF membership to embrace BREEAM, LEED, GRI and just about every other benchmark and initiative that was going. The challenge was bringing some degree of cohesion into this melée - and at the same time ensuring that the UK Government and the EU, in their enthusiasm to be seen to be doing something, did not actually put a straitjacket on the property industry that would damage viability and make us wholly uncompetitive.



Liz Peace CBE
Chief Executive, British Property Federation (BPF)

VIEWES FROM CULS' HONORARY VICE-PRESIDENTS

I like to think that the final form of the Energy Performance of Buildings Directive owed quite a lot to the influence of the European Property Federation – of which we were founding members. And our subsequent intervention took some of the sting out of legislation and regulation such as the Carbon Reduction Commitment and Green Deal. We were also able to play a part in getting the industry to adopt a more coherent approach to measurement and in promoting a mature debate about the way in which we assessed the operational energy performance of buildings as opposed to the 'as-designed' aspiration.

For the future, nobody doubts that our industry can produce well-designed, resource efficient, new buildings. But we now need to concentrate on how to make the existing building stock better which requires a fundamental rethink of the way in which landlords and their tenants manage a building and share vital information about its environmental performance.

While all these exciting external changes

were going on, the BPF itself was undergoing a major reformation. The membership has over the last ten years become increasingly diverse, reflecting the broader ownership of property, particularly the rise of the opportunity funds, now known as private equity real estate, and the increasing number of overseas investors. Indeed, on this latter point, overseas investors have now replaced insurance companies as the biggest single group of investors in our real estate – at 24% of an investible stock of £400 billion. And the secretariat, apart from a few oldies like the Chief Executive, is staffed by young policy people who have a basic grounding in politics and policy and can help us position ourselves as the 'go-to' body for Government on anything to do with property ownership and investment.

The industry itself, having begun the recovery from deep recession, is undoubtedly in a better place to take advantage of the changes that society wants and needs to make to its built environment, particularly in the provision of housing and other infrastructure. It is no

longer a case of the house builders providing housing and the commercial property industry sticking to its traditional offices, shops and sheds. Instead, the commercial developers are moving into apartment blocks, often as part of major mixed use schemes, and often providing a mix of tenures from outright sale to the growing private rented sector modelled very much on the US multi-family housing model. And they are also increasingly providing the sorts of accommodation needed for healthcare, education, hospitality and even hard infrastructure such as roads, bridges and stations.

As for the threat of an Aussie takeover of the industry's public persona, suffice it to say that after a little bit of judicious internal advocacy, the industry decided to stick with the ex Ministry of Defence, blue-stocking from Birmingham that they had just appointed as the new Chief Executive in January 2002. I leave the readers to judge whether they made the right decision....!

Sir John Stuttard London's Success as a Financial Centre

Sir John Stuttard JP, MA, FCA, Hon DLitt, Hon ACCA, Hon FCSI is an Honorary Vice-president of CULS. He studied Economics at Churchill College, of which he is currently a By-Fellow. He graduated in 1966, spending a year teaching with VSO in Borneo before becoming a chartered accountant with Coopers & Lybrand (now PwC). He spent many years advising companies on mergers and acquisitions and in assisting foreign companies raise finance in London. For his services to Finnish companies he was honoured three times by the Finnish Government. He worked in the UK Cabinet Office advising on privatisation and he was Executive Chairman of his firm in China for five years. In 2006/7 he was the 679th Lord Mayor of London and has since served on the boards of many charities and livery companies. He was made a Knight Bachelor in 2008 and is also a Knight of Justice of the Order of St John.

Over the last 20 years, London has emerged as the world's leading global financial centre. Various studies have been undertaken to understand the reasons for this, not least to ensure that this position is not eroded. After all, the financial services industry, which includes insurance, banking, fund management, accountancy, legal, maritime and property management services account for as much 12% of GDP and employ over one million people.



Sir John Stuttard
CULS Honorary Vice-President

Before the Second World War, London, New York, Paris and Berlin were the key financial centres in Europe and the Americas. Regionally, Shanghai, Calcutta and Tokyo were important in Asia as was Buenos Aires in South America. During the war, the UK, for example, lost two thirds of its merchant shipping fleet. Trading relationships were taken over by the US, which emerged from the war with its global position enhanced. Post

war, the UK's economy was dealt a further blow as the British Empire disintegrated and manufacturing moved to lower cost regions of the world. In Continental Europe, the formation of the European Union gave France and Germany certain privileges which enhanced the roles of Paris and Frankfurt. In Asia, Revolution in China and Independence in India resulted in Shanghai and Calcutta suffering as financial centres as the political environment changed. On the other hand, Hong Kong and Singapore benefitted from stable political and economic regimes. 20 years ago, London was nervous that it would lose out to Paris and Frankfurt particularly when the decision was taken to base the European Central Bank in Frankfurt.

But then everything changed. In the UK, we had a phenomenon known as "Big Bang" in 1986. The then Thatcher Government removed all barriers to market entry and all restrictive practices in the UK's financial sector. Anyone from outside the UK could establish a business or buy an existing company. Privileged positions and protectionism was removed overnight. Foreign companies as well as foreign nationals flocked to the UK. So the first key success factor in creating a world class financial centre is free market access. There should be no restrictions on market entry, no protectionism and no favouring nationals compared with foreigners. London, New York, Hong Kong and Singapore all benefit from

an open market environment, where foreign capital and foreigners are welcomed. As a result, these cities have thrived as international financial centres.

Over the centuries, London has always thrived when it has welcomed foreigners – and, today, more than 75% of London's financial sector is owned by companies whose head office is not in the UK. Over 50% of the property in the City of London is owned by foreign nationals or foreign companies. Over 200,000 foreign nationals work in the City of London. London has experienced constant movement of people, in and out. Businessmen from other countries have brought new ideas and entrepreneurial flair – bankers from Italy, Huguenots from the Low Countries, Jews from all over Europe, Poles, East African Asians and, more recently, Muslims, Chinese, Frenchmen, Indians, Russians – all with expertise and, of course, contact with their own countries, which generates even more trade and business. These changes have brought innovation, entrepreneurial activity, the creation of wealth, the financing of enterprise, of the arts and of charity.

The statistics for London are compelling:

- **A total of £3.8 trillion funds are managed in London**
- **London has 34% of global foreign exchange trading**
- **London has 53% of the global foreign equity trading market**
- **The London Stock Exchange has more foreign listed companies than any other exchange – over 700 from over 70 countries**
- **London has 70% of all trading in Eurobonds**
- **It has 90% of world trading in metals**
- **London has the most foreign banks – ahead of New York, Paris and Frankfurt**
- **The UK is the largest centre for cross-border banking with 20% of international bank lending and 22% of cross-border borrowing**
- **The City is the world's leading market for insurance**
- **London is the leading worldwide centre for the maritime industry**
- **London is a "world city", with more FT Global 500 companies having their headquarters in London than in any other city in the world.**

A second key success factor is the presence of strong ethical values and adherence to the rule of law. The UK has a culture and a system of values that form the bedrock, and are conducive to the success, of a financial services industry. And, these survive the occasional excesses of a rogue trader or a dominant chief executive who is allowed to run out of control. These values are deep seated in our culture. They include an appreciation of integrity and fairness, as well as equity, tort, contract, confidentiality and professionalism, where there is trust, where "my word is my bond". These essential cultural and legal attributes, which in many cases go

back to our Saxon roots, are often either overlooked or minimised in importance. We tend to take them for granted in the UK. The rule of law is also key to the development of a financial centre, where you can sue for specific performance if a contract is not honoured or where you can sue for damages if the other party is in breach of a contract. Courts must be independent and fair. That is to say, they should not favour nationals versus foreigners. Law should be understandable and justice should be capable of being enforced quickly. There are many countries around the world where court cases take years and disputes drag on, where foreigners are always disadvantaged, and where the law is administrative rather than judicial, that is to say, it depends on who you know. It is not independent. Some 10 to 20 years ago, London, like other centres, suffered from a number of financial scandals. We all remember the names of Robert Maxwell, BCCI and Barings. But we learnt from these scandals. Review committees were set up and chaired by various people – Cadbury, Greenbury, Hampel, Higgs and Turnbull. They all made recommendations to improve Corporate Governance in the UK. As a result, the UK as well as the US scores highly in international league tables of corporate governance.

Corporate governance is the third key success factor in creating a successful financial centre. There are some essential features of corporate governance that are worth repeating:

- **Protection of rights of shareholders so that all shareholders receive equitable treatment and minority shareholders are not prejudiced;**
- **Separation of the chairmanship of a board from the executive management of the company;**
- **A majority of non-executive directors on the board;**
- **Independent chairmanship and membership of Audit Committees and Remuneration Committees;**
- **Integrity and ethical behaviour;**
- **Full disclosure and transparency.**

It may also come as a surprise to many that we have one of the best regulatory environments in the world. It is predominantly a risk-based, principles-based approach rather than rules-based regulatory environment. From clear Saxon principles rather than rigid (Latin or Napoleonic) rules emerged English Common Law. The legal framework was flexible and it is this flexibility that has been embraced by the financial regulatory environment and adopted in the UK, in recent years, by our regulatory authorities.

Of interest to the readers of this CULS magazine is the importance attached to the development of a world class physical environment in creating a successful financial centre. The City of London Corporation's

studies show that businesses want a secure environment in which to operate. Security is their first concern. They also want modern offices which are functionally efficient, an efficient transport system and then all the facilities, such as schools, housing, entertainment venues that make for a world class city. In the City, we had some experience of terrorism in the 1970s and 1980s when the IRA were engaged in bombing campaigns. During that period we learnt the effectiveness of surveillance cameras and also introduced check points for entry into the City with a "Ring of Steel" around the City. We are very fortunate in having our own dedicated police force that is highly regarded, that relates well to its customers and that is also the centre of excellence in the UK for combating and solving financial crime. And the City of London Corporation under Peter Rees, its Chief Planning Officer for 25 years, has encouraged the development of some fine modern buildings and street improvements. The Broadgate development, Heron Tower, Paternoster Square, The Millennium Tower, The Gherkin, The Walkie Talkie, The Cheesegrater and One New Change are all fine examples of his legacy, involving the world's leading architects: Farrell, Foster, Rogers and Parry. Their constructions sit happily among those of Wren and Hawksmoor.

A major weakness in London in recent years has been the lack of effective transport. The population of London has increased significantly over the last 20 years, yet the transport system in many instances dates from the 19th century. Outdated rolling stock, complex old wiring and lack of air-conditioning all contribute to a less than satisfactory travelling experience. London's roads have become clogged, despite the introduction of a congestion charge for passenger cars. Fortunately, for London, transport in New York is equally bad. Since the formation of the Greater London Authority (GLA) and the election of the Mayor of Greater London, improvements have been made in ground-based public transport and there is now an effective network of buses. The Underground system, largely dating from the Victorian era, is gradually being updated, as are some of the over-ground train lines. Thames Link has been improved and the Docklands Light Railway (DLR) built. A bold decision was made to build Cross Rail, which will link Heathrow Airport with the City of London's Square Mile and with Canary Wharf. The history of London is one of constant physical change – sometimes of devastating proportions – but also one of continuity – of values, traditions and the law. Today, the physical environment is being changed again. Nearly 5% of the office stock is currently under renewal. Last autumn, I walked across the pedestrian bridge that links

the new Art Gallery (Tate Modern) with the north bank near St Paul's. As I walked over the "Wobbly Bridge" as it is known, I counted no fewer than 64 tower cranes in the City, replacing the tired and ugly buildings of the 1950s with modern office facilities, trading floors and retail outlets. These will meet the space requirements of what has become the world's leading international financial centre.

But, London scores badly on air transport links. International businesses need efficient air travel to be effective. Heathrow was a post war phenomenon which was added to, piecemeal, as London's air traffic increased. Now, out of date, scruffy, and with the added burden of additional security checks,

Heathrow has been failing and becoming a place which international travellers wanted to avoid. The opening of two newly refurbished terminals has done much to remove these deficiencies but something bolder is required, such as a Thames Gateway airport as proposed by Boris Johnson.

To conclude, the single most important and the main reason for London's success is the large pool of professional talent that one finds there. The Financial Sector in the UK, and London in particular, has attracted some of the best brains from university over a 50 year period. Foreign students and foreign graduates have flocked to London for training and work experience. It is estimated that there are over

300,000 students and postgraduates studying in the UK at any one time. This influx of young talent, from home and abroad, benefits the financial services industry and is ranked as the single most important factor in London's competitiveness.

London is a pleasant place in which to live. There are art galleries, wonderful theatres and concert halls, great restaurants, attractive parks and clean streets. London is a welcoming city. We know what makes London successful. It is our duty to ensure that the reasons behind this success are sustained and nourished. That is our task in the decades to come.

Peter Pereira-Gray

John Maynard Keynes, one of the great investors of our time is often attributed with the following quote, "It is the long term investor, he who promotes the public interest, who will in practice come in for the most criticism...for it is the essence of his behaviour that he should be eccentric, unconventional and rash in the eyes of average opinion...worldly wisdom teaches that is better for reputation to fail conventionally than to succeed unconventionally".

Being a long term investor is hard. Not just because the world is typically very short term in its outlook, but because the noise of the day almost always outweighs the gentle drone of history.

The world around us is changing fast. Technological developments are all around us and one wonders what is next. Google, Ebay, Paypal, Facebook, Twitter, and Linked-In to name but a few have probably all touched our lives to some extent and might even have changed our perceptions of risk and return. It is easy to be overcome with the here and now and to lose sight of the bigger picture.

So, it is sometimes good to look back at where we have come from, and often what we see through a longer term lens can help us put in context the noise of today. Take the investment returns to the major asset classes over time for instance.

Certain numbers stand out. The returns to the Japanese stock market over twenty years, and the consistently low level of UK inflation over the whole period, for example.

One of the notable features of the table is the strength of returns to most real assets over the last five years compared to their 20 year performance. In most cases the shorter term returns are well ahead of the longer term numbers, though property it seems has benefitted least from the environment of quantitative easing in recent years.

As a property professional, I suspect that you, like me had a careful look at how the UK property market has stood up to change over 20 years. The answer, gratifyingly, is 'rather well'. Who would have predicted that IPD UK All Property would outperform the FTSE All Share over the 20 year



**Chief Executive of The Wellcome Trust
CULS Honorary Vice-President**

period to March 2014. But equities have generally done much better in the last 5 years.

Another thing to note is the dispersion in returns between UK property and UK gilts over twenty years, (0.5%), 5 years (3.3%), and last year, (15.4%). If over twenty years property has only marginally outperformed gilts, it is interesting to note such strong out-performance recently.

The other thing I look for is the relative position of real estate in the table over each time period. Aside from Japan, the ten year returns to property are the weakest (we know the reasons for that), but the 5 year returns are stronger, generating a real (after inflation) return of 6.6% p.a. to investors. Again, that is comfortably ahead of the long term.

If you accept the thesis that the long term provides a good handle on the change and noise that is around us today, there is data in this table that can help us reflect on our investing activity going forward.

For the longer term observer, a number of longer term relationships between the asset classes seem to have broken down recently. That is probably not much of a surprise in the unprecedented macro-economic environment of today. But, what if those longer term relationships have not broken down, and are just dormant, pending the return to a 'normalised' environment in due course? In that case, your view of the immediate future might look very different indeed.

£ returns (%) to asset classes as at 01.04.2014

Market	Quarter	1 year	2 years	3 years	5 years	10 years	20 years
Global equities (MSCI AC World)	0.5	6.7	11.7	7.7	14.9	8.6	6.9
UK equities (FTSE All Share)	-0.6	8.8	12.7	8.8	16.4	8.6	7.7
US equities (S&P 500)	1.1	11.0	15.4	13.2	17.6	8.5	8.9
Japanese equities (TOPIX)	-5.4	-1.4	6.0	4.6	7.3	3.1	-0.6
European equities							
(FTSE AW Europe ex UK)	2.4	15.7	16.4	6.1	14.2	9.6	8.5
Asian equities (FTSE AW Asia							
Pacific ex Japan)	0.4	-6.5	4.5	0.8	14.4	12.1	6.8
Emerging Market equities							
(MSCI Emerging Markets)	-1.0	-9.9	-1.5	-3.8	11.4	11.5	5.6
Hedge Funds (CS/DJ Hedge Fund)	0.2	-2.6	4.8	3.0	5.4	7.1	8.5
UK Property (IPD UK All Property)	2.3	12.2	7.3	7.0	9.6	5.7	8.0
UK Gilts (Merrill Lynch							
UK Gilts 10+Y)	3.5	-3.2	2.1	8.4	6.3	6.1	7.5
US Treasury 10 year	6.2	-12.6	-0.7	6.7	1.6	7.1	7.0
UK CPI	0.4	2.3	2.5	3.1	3.0	2.7	2.2

Source: Datastream

DEPARTMENT OF LAND ECONOMY: Update

Update from the Department

Colin Lizieri
Grosvenor Professor of
Real Estate Finance

A key task this academic year has been the submission of the Department's research profile to the Research Excellence Framework, the Government's periodic review of the UK's research strengths. At the last assessment, in 2008, Land Economy was ranked as the top department in its field with international quality research. The 2014 exercise changed the system: our entry to the Built Environment panel was a joint submission with the Department of Architecture: the result will be known later in the year. Our submission demonstrated the huge breadth of our research work (from conservation of rain forest habitats to real estate finance, from planning theory to macroeconomic modelling), its international scope and, most of all, its policy and practical relevance.

In the current exercise, Departments must demonstrate the impact of their research and it was easy for us to do so, with strong engagement with Government and business stakeholders, direct policy effects and widespread dissemination. Our two case studies demonstrated this clearly: Professor Paul McHugh's work on the nature of the land

rights of indigenous people has featured in multi-million dollar legal cases in New Zealand and Canada and influenced legislation in the former; the Cambridge Centre for Housing and Planning Research's work on financing affordable housing directly influenced the introduction and shape of the Community Infrastructure Levy in the UK. Impact will become an increasingly important metric of our research work and engagement with CULS will help ensure the relevance of our research.

As part of our global engagement, we prefaced the academic year with a visit by staff and research students to China, supported by CULS and discussed elsewhere in this Magazine. CULS funds also helped academic staff present their research at international research conferences and supported fieldwork. Land Economy staff presented work in Asia, Australia, North and South America and Europe (showing our green credentials, a Land Economy team – Phil Allmendinger, Andrew Baum, Franz Fuerst and Colin Lizieri – cycled over 400km down the Danube to the European Real Estate Society in Vienna!).

Franz Fuerst and Colin Lizieri survey industrial property on their way to the ERES Conference in Vienna

October saw the arrival of our new students, with a very strong entry to the first year of the Tripos of around fifty undergraduates and

some 100 postgraduate students. The latter are a hugely diverse international contingent: the MPhil Real Estate Finance alone has students from sixteen countries and five continents. With many of the Department's graduates finding employment in global firms around the world, we are looking to develop networks of contacts that will maintain our links with alumni, help our student recruitment and placement aims and ensure that our research work is visible internationally.

The academic year saw new staff arrivals too. Jorge Viñuales joined as the inaugural Harold Samuel Professor of Law and Environmental Policy. The post's name honours Harold Samuel's initial endowment to the Estates Management Development Fund that was so central to the creation of the modern department. Jorge is a lawyer, previously based in Switzerland, specialising in international environmental law and its interaction with trade and financial flows. In January, Professor Michael Oxley became the new Director of the Cambridge Centre for Housing and Planning Research. Mike's research has focussed on European housing and mortgage markets and the role of the rented sector. Other arrivals include Dr Maria Abreu (regional economics and innovation), Dr Emma Lees (environmental and property law) and Dr Eva Steiner (real estate finance and investment). Both Emma and Eva have graduated off our doctoral programmes while Maria was a research fellow at Pembroke before joining the Department. Jorge, Mike, Maria, Emma and Eva are all introduced later in the Magazine.

The year also saw the creation of two new research centres: the Centre for Property Law (directed by Martin Dixon) and the Cambridge Real Estate Research Centre (CRERC). The Real Estate Research Centre has benefited from generous donations from alumni and industry and from the active involvement of Nick Mansley, senior visiting fellow in the Department who brings his industry expertise to ensure relevance in our work (and further enhances our cycling strengths). The Centre has already secured research funding from the Investment Property Forum, for work on alternative real estate asset sectors and from industry consortia to examine the use of debt in real estate investment and the links between real estate investment and city success. One of CRERC's primary objectives is to ensure the visibility of Land Economy's real estate research: the year saw presentations by Department of Land Economy staff at the EPRA, IPD/IPF, INREV and ULI industry conferences – and to CULS of course! – as part of that dissemination drive.

Colin Lizieri presenting at a ULI industry conference.



DEPARTMENT OF LAND ECONOMY: New Appointments and Staff



Franz Fuerst and Colin Lizieri survey industrial property on their way to the ERES Conference in Vienna

The year also saw the opening of LISA – the Lab of Interdisciplinary Spatial Analysis, our specialist GIS (geographic information system) and spatial analysis centre, directed by Dr Elisabete Silva. LISA hugely strengthens our capacity to undertake geographical analysis and helps our students acquire core skills in GIS. Developments like LISA are still constrained by the Department's outdated accommodation at Silver Street. We have benefited from some refurbishment but the space remains inefficient. We are likely to move as a result of the Mill Lane development project which incorporates the Department building, but that move is still many years in the future. LISA is described in detail later in the Magazine.

In sum, it has been another tremendously successful year for the Department, with our graduating students finding employment in leading firms around the world, our research centres winning major research contracts and engaging directly with policy makers and managers, and our academic staff producing internationally-recognised research. Our revamped website (www.landecon.cam.ac.uk) can provide much more information on our work, news and success. We benefit greatly from our engagement with government, business and the professions and, importantly, from our alumni through CULS and look forward to deepening that relationship.

Colin Lizieri, Grosvenor Professor of Real Estate Finance

New Members of Staff at the Department

Franz Fuerst

Has it been two years already? I usually get asked when I mention to my colleagues that I no longer consider myself a complete newbie at the Department of Land Economy. Actually it has been closer to three years now since I signed myself into that ancient golden book at the Old Schools on a bright and sunny September morning and formally joined the Department as the Reader in Housing and Real Estate Finance and CULS Fellow. And although such a relatively short period may barely register in a place like Cambridge where time is usually measured in geological scales, I feel that I have now been around for long enough to at least give a first summary of my activities as the inaugural CULS Fellow.

Most of my research over the last few years has been dedicated to sustainability and green real estate economics, a topic that has been near and dear to me since my days as Reader at Henley Business School of the University of Reading (commonly known as 'the Other Place' in property circles). My broader research interests are in Urban and Regional Economics and Real Estate Economics which I have pursued in various academic positions in the United States, Canada and Germany. And since no property-related education is complete without at least some first-hand industry experience, I have also worked for BNP Paribas Real Estate where I was responsible for market research and forecasting as well as consultancy for large commercial real estate portfolio transactions. Like most academic staff at Cambridge, I also maintain a dual loyalty both to the University and a College, in my case Trinity Hall where I am a Fellow and Director of Studies. And if that was not enough to keep me busy at least seven days a week, I also teach and supervise in the Land Economy Tripos and the Department's various MPhil



Dr. Franz Fuerst,
Reader in
Housing and
Real Estate
Finance,
Department of
Land Economy
CULS Fellow,
as well as
Fellow and
Director of
Studies at
Trinity Hall

programmes, for example as coordinator and lecturer in the Real Estate Development module and the Spatial Economics module.

Due to the generous support of CULS, I have been able to pursue my research interests and publish around 13 articles on the above-mentioned topics in peer-reviewed journals since joining Cambridge and am currently working on another dozen or so at various stages of the publication process. It is often said that autonomy, integrity and the freedom to express views that may sometimes be at odds with a sponsor's interests are the most precious assets of any academic and I am truly grateful to CULS for being both a generous and a 'distant' sponsor in the best sense of the word while maintaining a mutually beneficial dialogue about issues of common interest, such as, for example, sustainability in the property industry.

My aspirations for the next few years are to strengthen this dialogue between academia and industry while intensifying existing research collaborations and setting up new ones, particularly in China and other rapidly developing economies. The Department of Land Economy and the University are an ideal platform for these activities and CULS plays an important role in this context. I am also excited to be a member of the Department's newly established Cambridge Real Estate Research Centre (CRERC) and am looking forward to the opportunities arising from this initiative. If you would like to take a closer look at my research, please visit my Departmental profile page (www.landecon.cam.ac.uk/directory/dr-franz-fuerst) or www.ssrn.com/author=377440 for my current work in progress.



Emma Lees

The law of the land – integrating the environment, property law and planning

The past 12 months have been quite exciting for those interested in land registration – not a sentence I really expect to write, nor one, I suspect, which you expected to read.



Dr. Emma Lees
Lecturer in Environmental
and Property Law
Department of Land
Economy

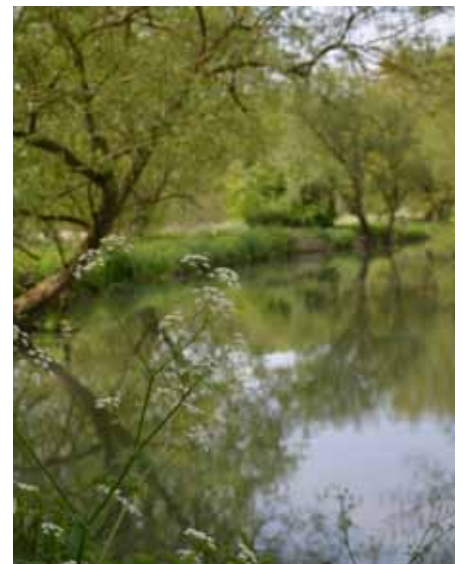
The Land Registration Act 2002 passed its ten-year anniversary in October 2013. This has prompted much naval gazing as to where the Act has brought us. My focus has been on what happens when the Registry makes a mistake, a question made all the more pertinent by potential privatisation of this essential body. For others, the anniversary of the Act has brought consideration of the relationship between criminal and property law (*Best v Chief Land Registrar*) and the impact of human rights on property law (*Malik v Fassenfelt*). This research is essential if land law is not to lose immediate relevance, sinking into esoteric discussions about chancel repairs and corn rents, of interest (albeit great interest) to only a select few.

Thus not only does the anniversary of the 2002 Act prompt consideration of the Act itself, but also of the relationship between land law (so vital in practice) and broader legal study. Questions such as these are of particular relevance to those of us who are part of an interdisciplinary department. Something of a buzz-term, “interdisciplinary research” is considered by the Research Councils in particular as being central to ensuring that UK universities retain their place as leaders in academic excellence. It is in Land Economy that we find such research taking place every day. For lawyers though, myself included, such research is intellectually challenging, and requires us to develop skills which we do not naturally possess (whether that be through a lack of ability or stubbornness).

For this reason, this year I set myself the challenge of trying to see my research in a wider context. In this respect, I have collaborated with a colleague in the Department, Edward Shepherd, in looking at the relationship between planning theory and planning practice through a legal lens. The question that naturally presents itself however is how far can interdisciplinarity be taken, whilst retaining the usefulness of the distinct analytical skills practised by those who study law? We may, for example, being generally hopeless at maths,

but usually quite good at exploring (and perhaps exploiting) ambiguity in language, be better suited to doctrinal rather than empirical work. Another colleague, Martin Dixon, has recently published on the topic of legal scholarship in which he defends the skills we have, and argues that there is no one preferable mode of analysis – empirical, socio-legal, or doctrinal – but rather all are needed in their own place. In this, he is undoubtedly correct.

However, this does not mean that I, having the opportunity to work in an interdisciplinary environment, can use limits on my own skills to limit the scope of my research. Thus, I have tentatively begun to think about property, environmental and planning law, not as three separate topics, but from the perspective of land use, investment in land, and human rights. Such a shift in the way that these topics are divided is not found in teaching methods or in existing textbooks but may provide useful information to those who want to know the answer to critical questions – for what can I use my land, how strong are my rights in my land, what factors may impinge upon the legal value of those rights, and at a more human,



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domestic level, under what circumstances might I be forced to leave land, my home, or be responsible for those who come onto my land?

Thinking about legal issues in this way does not demand an interdisciplinary approach, but it does put political and economic issues at the heart of the legal study. Why does planning law as law matter? Because it has practical impacts upon what land can be used for, the security of a proposed investment, and again on a smaller level, on whether a person's home can change from being a peaceful rural retreat to being subsumed into the edge of a city. Why is environmental regulation both problematic and divisive? Because businesses and individuals invest in land and in technology on a particular understanding as to what the regulatory environment allows them to achieve. Changes in environmental law naturally impact upon this. Keeping law confined to individual topics obscures its centrality to land issues in general.

This trend to think outside the traditional boundaries of legal study is demonstrated in much of the research on-going within the Department. In environmental law such diverse issues as the centrality of energy policy to environmental law, the reasons for a lack of success of international environmental treaties, the best approach to integrating recreational fishing into wider fishing quotas, and lack of enforcement of gas flaring regulation, are all being considered by researchers in the Department. No one of these topics can be successfully considered from a purely legal perspective.

In property law too, there is consideration of problems of global land tenure and property rights issues from an international rather than domestic perspective, investigations into e-conveyancing, and of course the highly influential work of Paul McHugh on indigenous rights. In other words, the Department is seeing strong growth in the development of these areas of law, and this has culminated not least in the appointment of the new Harold Samuel Professor of Law and Environmental Policy, Jorge E Viñuales. Not only has this been an exciting year for experts in land registration, it has also been an exciting year for those researching law and legal issues in the Department of Land Economy.

Where are we going forward? In the next twelve months, I look forward to the publication of my PhD thesis into a book, "Environmental Offences: Remediating Interpretive Uncertainty" (Hart Publishing), as well as continuing my research into property and planning law. In this book I am addressing an issue which I think will be of practical significance for many, namely certainty of interpretation in relation to environmental offences.

This lack of certainty, is, in my view, a major problem for those who are subject to, regulated by and dependent upon a legal framework for their well-being. Solving this uncertainty requires both legal analysis, and a practical interdisciplinary approach to these questions. Going forward, this brings excitement, challenge, and a focus to my, and others' research. Thinking about the law of the land, rather than land law, property law and environmental law in separate compartments, is simply the beginning.

Jorge Viñuales

Harold Samuel Professor of Law
and Environmental Policy
Fellow of the Lauterpacht Centre
for International Law

The analysis of the interface between scientifically-driven environmental policy and its legal expression is particularly important today. Both developed and developing countries face the daunting challenge of transitioning to a more efficient, diverse and less carbon-based energy matrix. This transition will require regulatory change, in the form of new regulation or of deregulation. Regulatory change does not, however, operate in a vacuum. The legal formulation of policies takes place within a dense web of norms addressing horizontal relations between individuals (e.g. contract law) or States (e.g. trade law) or vertical relations between States and individuals (e.g. administrative and constitutional law, human rights law or foreign investment law). For energy transition policies to be 'resilient', i.e. in order for them not to be struck down or maintained at an excessive cost, legal design matters. This is a question that I have studied for several years now, and that I intend to further develop as the new Harold Samuel Professor of Law and Environmental Policy at the Department of Land Economy.

The intellectual setting to pursue this and other research projects at the Department and, more generally, at Cambridge cannot be better. Through collaborations with lawyers, planners, economists, but also physicists and other natural scientists, we have recently put together an interdisciplinary project aimed at identifying, designing and testing energy transition and other environmental policies well adapted to the economic, political, legal and environmental circumstances of G-20 countries. Another initiative with a similar focus is a project to establish a Centre on Energy Governance that would strengthen the connection between legal analysis and scientific research on energy issues. Creating a critical mass of research in domestic, comparative and international energy law and policy would be step in the direction

of launching a structured teaching programme in this area that could attract mid-career professionals working in this area. Still another related project concerns the legal 'technology' best adapted to maximise the diffusion of environmentally sound technology and know how. Intellectual property rights (IPRs) are both a major driver of innovation and a significant obstacle to technology diffusion. Fine-tuning the applicable legal architecture to address this major question requires an understanding of how IPRs interact with other bodies of international law, including trade, environmental law, human rights and investment law. Together with colleagues from the Faculty of Law and the Lauterpacht Centre for International Law, we are planning to host a workshop on the connection between IPRs and foreign investment law in 2015.

Teaching and improving students' experience is also a major focus of my work. As the new director of the MPhil in Environmental Policy, I will build on the outstanding work of the previous director, Dr. Andreas Kontoleon, to meet the increasing demand for training in this area. The MPhil in Environmental Policy has a distinct character within the landscape of taught degrees offered in the UK and abroad because of its focus on 'hard' social science skills, namely law, economics and statistics. Each year, we welcome a select group of bright and committed students from all over the world and train them in environmental policy through this interdisciplinary lens. In the future, we aim to provide further opportunities for our students to interact with environmental researchers, policy-makers and practitioners.

All these projects and initiatives are possible thanks to the deeply stimulating interdisciplinary culture of the Department of Land Economy and Cambridge. I am honoured and thrilled to be part of this great institution and I look forward to making new contacts and exploring new collaborations.



Eva Steiner

Lecturer in Real Estate
Finance and Investment
Department of Land Economy
Peterhouse College

I have recently been appointed as University Lecturer in Real Estate Finance and Investment at the Department of Land Economy, where I previously obtained MPhil and PhD degrees. At the department, I teach undergraduate and graduate level finance, economics and econometrics. In my research, I focus on real estate finance, real estate securities and capital structure.

What do you enjoy most about your job? "Encouraging students in their research and supporting them in their career ambitions."

I first moved to the UK in 2007 to take up a place in the MPhil in Real Estate Finance at the Department of Land Economy where I worked under the supervision of John Glascock, Grosvenor Professor of Real Estate Finance at the time. After completing the MPhil

degree, I joined the Research & Strategy Team at LaSalle Investment Management. Under the mentorship of Dr Robin Goodchild, I worked on property market forecasts, macroeconomic analysis and the development of fund strategies. In 2010, I had the opportunity to return to the Department of Land Economy to take up a fully funded place in the PhD programme under the supervision of Dr Jamie Alcock and Professor Andrew Baum. I completed the PhD in 2014.



Dr. Eva Steiner

What three characteristics of the PhD programme at the Department of Land Economy made the experience special for you?

Firstly, the PhD programme stands out in that it leaves students significant scope to pursue individual research projects alongside the work on their thesis. As a result of this freedom, and with the generous financial support of

funding bodies such as the Economic and Social Research Council UK and my college, Peterhouse, I have had the opportunity to visit and collaborate with distinguished senior academics in real estate and finance, for instance at the Wharton School, University of Pennsylvania. These opportunities have allowed me to develop my profile as a junior researcher in the field and to publish my first research papers while working

on my doctorate. To date, the findings of my research have been published in peer-reviewed journals such as Real Estate Economics, Journal of Real Estate Finance & Economics and Journal of Portfolio Management. My past research projects have also been recognised through a number of international honours and awards, such as "best paper" awards from the European Real Estate Society or the American Real Estate and Urban Economics Society.

Maria Abreu,

University Lecturer in Land Economy, and Fellow,
Pembroke College.

I was appointed University Lecturer in Land Economy in September 2013, prior to which I was a researcher at the Judge Business School in Cambridge, at the University of Groningen in The Netherlands, and in Indonesia (where I worked for the World Bank). My research is quite eclectic, I study economic and social problems that have a spatial dimension, that is, I study how local conditions, policies and services affect outcomes such as educational attainment, poverty, crime and health.

One of my main current areas of research is on the career paths and migration patterns of recent university graduates. This is an important topic for regional development because graduates can help to lift regional productivity, support local economies, and are young and highly educated, and therefore also highly mobile. The patterns of graduate migration are



Dr. Maria Abreu, with Lake District view in the background.

affected by self-selection issues, since the most able individuals are likely to both seek out the best higher education institutions and move greater distances to find suitable employment after graduation. An issue of significant policy importance is whether graduates migrate solely in

search of higher salaries and employment opportunities, or whether natural or man-made amenities such as weather, a lively cultural scene, or the psychological outlook of local residents (e.g., whether they are tolerant and open to new experiences) also matter. My results show that salary is the main driver of migration, with cost of living and unemployment rates playing a secondary role, particularly for the most mobile and high-achieving individuals (those who migrate repeatedly). Interestingly, openness and tolerance also matter to this group, particularly to those who are graduates of the creative arts. Economists, on the other hand, are drawn to areas with high levels of "neuroticism".

A second area of my research, which is closely related to the first, is on the entrepreneurial activities of academics. In a recent paper, I argue that academic entrepreneurship should be defined more broadly to include, in addition to new businesses created as a result of academic research, joint work undertaken with public and non-for-profit organisations, exhibitions and public lectures, and the setting-up of not-for-profit enterprises. These are often overlooked in government efforts to measure the impact of higher education. Another topic on which there is relatively little research, but which is nonetheless of great policy importance, is student entrepreneurship. What drives students to start their own businesses (or not-for-profit organisations), either while they are studying, or soon after graduation? Are student entrepreneurs driven by profits, or by social recognition of their work? Are these new enterprises located close to the place of study, or in their home region?

My research also encompasses developing countries, and one of my current projects is on the extent to which informal sector enterprises, such as small home-based retail units run by women in slums, fit into existing models of entrepreneurship. This topic has important policy implications due to the scale of the informal sector, which can comprise up to 70% of all economic activity in developing country cities. Supporting informal sector entrepreneurship could help lift a substantial number of urban residents out of poverty, and help improve social outcomes such as education and nutrition, and reduce crime. Research in this area is seriously constrained by data availability, and I am working on building a database of informal sector activities in slums in South America.

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Secondly, the researchers at the Department work in close collaboration with industry bodies and firms in the real world. As a result of this focus on producing research relevant to decision-makers in the investment and financial services industry, my research projects have also attracted sponsorship from academic as well as industry-related organisations. Examples include the Investment Property Forum in the UK, the European Public Real Estate Association and the Real Estate Research Institute in the US. I enjoy the interaction with the investment and finance community, both in research and teaching. Therefore, since 2008, I am also actively involved in the Investment Property Forum (IPF) Investment Education Programme as a module leader for two of their training courses. Furthermore, I am a regular contributor to international academic and industry research conferences, such as the meetings of the National Association of Real Estate Investment Trusts in the US or the UK Society of Property Researchers. My most recent engagement was at the Long Term Investor Event held in June 2014, sponsored by the Cambridge Land Economy Advisory Board (CLEAB).

Thirdly, the research and teaching community at the Department of Land Economy under the leadership of Professor Phil Allmendinger and Professor Colin Lizieri, along with the wider University of Cambridge, is exceptionally inclusive, supportive and welcoming of junior members. This greatly facilitates the transition from research student to staff member. For instance, the Cambridge Land Economy Advisory Board under the leadership of Jon Zehner most generously supports my research and teaching work. Similarly, I maintain close links with the broader Cambridge Finance Community in my role as a Fellow of the Cambridge Endowment for Research in Finance, a university-wide initiative led by Professor Bart Lambrecht. Lastly, I thoroughly enjoy contributing to the university community in its wider sense and look forward to taking up the position as fellow of St John's College in October 2014.

What has been the most rewarding experience in your role as a Lecturer to date?

Seeing a group of talented and committed MPhil students successfully reach the semi-finals in the prestigious MIT Global Real Estate Investment Case Competition 2014, held in London. Finally, I am very grateful to everybody who guides and supports me in my research and teaching work as a Lecturer at the Department of Land Economy and look forward to making an impact and to achieving useful and tangible outcomes in terms of research, teaching and mentoring students.

Professor Michael Oxley

Housing, Economics and International Comparisons

Director of the Cambridge Centre for Housing and Planning Research (CCHPR)

As the new Director of the Cambridge Centre for Housing and Planning Research (since January 2014) I bring two things which I hope will influence the way the centre works and its interaction with the rest of the Department of Land Economy and the university as a whole. One is my background as an economist and the other is my fascination with international comparisons.

I started my career as an academic economist at the College of Estate Management and the University of Reading. In those days I was essentially a real estate economist attempting to make economic theory and its application relevant to students who mainly saw their futures in one of the many branches of surveying. Once they accepted that economics is not essentially a set of devices for describing the world, but rather for analysing it, my task was much easier. Theories of price determination, investment and production provide benchmarks against which we can examine property markets, understand their functions and sometimes predict aspects of the future of a market whether it be in offices, shops or housing. As simplifying and illuminating tools they do this without necessarily describing any particular reality.

As my interests focussed on housing markets, the provision of social housing, and the housing policy ambitions of government, I increasingly realised the value of welfare economics and the much mis-used concept of market failure for analysing what was happening in markets and how they might be steered for better or worse by the actions of governments. By this time I had taught thousands of property market and housing students in Leicester and Nottingham and hopefully left them in no doubt that there is "no such thing as a free market" but that nevertheless understanding how such a market might work and why "reality" deviates from the free market model is central to very useful aspects of applied economics. Understanding the concepts of property rights, externalities, public goods and distributional issues are central to analysing policy objectives and instruments in housing, health, transport and other aspects of public policy. This approach was summarised in my book "Economics, Planning and Housing" (Palgrave Macmillan, 2004).

In examining housing markets and land use planning, I have appreciated the value of challenging home grown custom and practice, as well as perceived theoretical wisdoms, by looking at other countries. In the period of over five years

that I spent at Delft University of Technology I worked with colleagues from several countries unpacking the different meanings and definitions of home ownership and social and private renting across Europe. The variations tell us about the dangers of being misled by similar terminology that is used to describe heterogeneous tenure types with dissimilar property rights.

The benefit of looking at other countries lies not in spotting opportunities for policy transfer, as some believe, but rather in taking on the challenge to think differently about policy and practice at home. On presenting some interim findings on the operation of private rental markets in Europe and North America to British civil servants, I was stunned by their disbelief in the possibility of a thriving market coexisting with rent limitations and strong security of tenure for tenants. They doubted the notion that landlords and investors might be more than happy with this. The existence of such arrangements in Germany, and other countries with large rental sectors, went against the simple market economics they had been brought up on and ran contrary to their ideas about the residential rental market in the UK. Eventually the comparative mirror revealed an alternative reality.

The discovery, that a significant volume of rental housing in the USA and in Germany is socially allocated (in the sense that income limits and needs determine who gets what) yet often privately owned, is news to those who believe that free markets are the norm. The fact that such housing is supported in the USA by tax breaks that cost nothing in terms of direct public expenditure is however of interest to politicians in other countries who are looking for new ways to increase affordable housing supply. There is more on this in the outputs from my recent ESRC project that was undertaken with colleagues from De Montfort University and 'Places for People': www.esrc.ac.uk/my-esrc/grants/ES.K007564.1/read.

I am pleased that international comparisons are an aspect of a new piece of research for the Investment Property Forum (IPF). This work on institutional investment in social housing brings together researchers in CCHPR and the Cambridge Real Estate Research Centre (CRERC) in the Department of Land Economy as well as some of my former colleagues from Delft. It is an example of mutually beneficial cooperation that I hope will be a significant feature of future research in Land Economy.



Nick Mansley

Building out an Applied Real Estate Research capability in Cambridge

Having recently left Aviva where I had worked for almost 20 years, I was looking for a change in direction and a new challenge. As I have lived in Cambridge on and off since leaving University, and brought up my family here, I was excited at the idea of doing something useful in Cambridge that used my knowledge of real estate, investment and economics. Although I had read Economics, I had taught in the Department of Land Economy and completed several publications with the Department in the late 80s and early 90s and still knew quite a few people there. Given its breadth, more applied focus, and international scope, it seemed a natural home, given my experience of investing globally for Aviva and its clients, as well as running a global real estate strategy and research team.

Over the past year, I have been working with Colin Lizieri to build the Cambridge Real Estate Research Centre (CRERC) that acts as a focus for real estate and real asset research in Cambridge, helps bridge the gap between academic theory and commercial practice in the sector, and raises the profile of research in the academic and business community. The primary aim of the Centre is to conduct applied real estate research that is innovative, multidisciplinary and industry-relevant.

The main areas of CRERC research activity will relate to:

- the economic analysis of real estate investment, and modelling of global real estate capital flows and prices;
- the role and performance of real assets in investment portfolios, and the interaction of real asset and credit markets;
- the role of real estate in urban development and urban competitiveness;
- behavioural influences in real estate markets; and
- the impact of social, political, environmental and technological change on real estate markets.

Examples of recent and current projects include:

- 'What is Property for Investment Purposes?' This project for the Investment Property Forum (IPF) looked at the drivers of risk and return for infrastructure, residential and other non-traditional real estate as well as for more traditional sectors, and considered how the type of investment vehicle/wrapper, exposure to business and operational risks and other factors influenced whether an asset is considered property.

- A Capital Structure survey looking at property companies' decision-making about the use of debt and equity.
- International capital flows and city property performance.
- A study looking at the potential for institutional investment in the social housing sector (with the Cambridge Centre for Housing and Planning Research, CCHPR, run by Michael Oxley).

We will be hosting a number of events over the next few months including: a round table discussion for Sovereign Wealth Funds, the Real Estate Research club with heads of research from institutional investors and brokers, as well as events for the Cambridge Land Economy Advisory Board (CLEAB). CRERC is also looking to tailor courses/programmes for executives and management teams that draw on the expertise in the Centre. As well as the "academic" faculty, the Centre has its own dedicated research support.

Elsewhere in the University, I have also been enjoying teaching economics and strategy/governance in the Judge Business School and the Institute for Manufacturing. I have also agreed to join the Urban Land Institute (ULI) UK executive to help them with their goals of promoting the responsible use of land and in creating and sustaining thriving communities worldwide which overlap with the Department's research interests. As well as the areas of sustainability, urban regeneration, capital markets, infrastructure and residential, for which the ULI has specific "product councils", we will be looking at a number of other activities to promote the "healthy cities" global theme. In addition, I am doing a mix of consulting/strategic advice and non-exec roles, including working with Hansteen on their industrial fund and working with Mill Group on residential initiatives.

Beyond work, my passion for running, cycling and duathlon/triathlon, which hit me in my early 40s, is showing no sign of diminishing as I rapidly approach super veteran status. Now that I have some more time to train, I seem to be getting quicker as the years go on. I managed to win my first race this summer in a duathlon, which included a climb up and down Ben Nevis at the end of the marathon. I have also represented GB in the World and European championships in long distance duathlon. I will be trying to improve further over the next year with an eye on the world championships in 2015!

There is a huge amount to do with the Cambridge Real Estate Research Centre, but



Nick Mansley
Senior Visiting Fellow - Department of Land Economy
Downing College, 1984-87, Economics

my hope is that over the next few years we will have built a Centre which contributes to the academic excellence of the Department whilst also having gained recognition as a really useful resource and partner for real estate businesses both internationally and in the UK.



Current Projects, Future Thinking

Meeting the grand challenges of climate change and economic growth

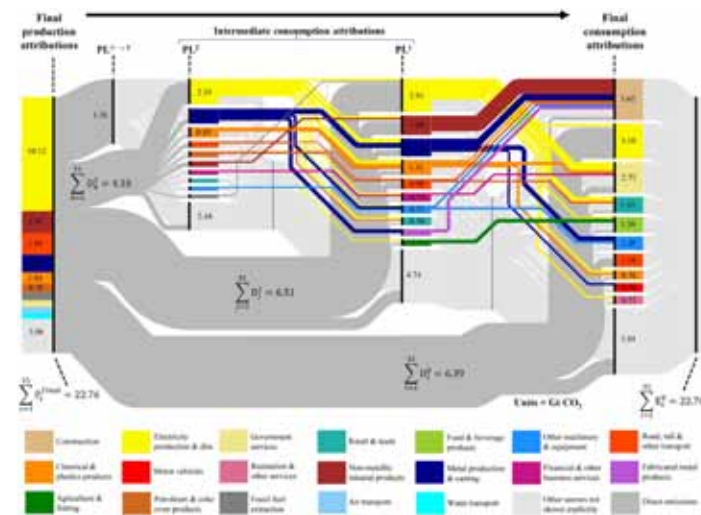
Professor Douglas Crawford-Brown, Director, Cambridge Centre for Climate Change Mitigation Research (4CMR), Department of Land Economy

More than three billion people live in abject poverty at the bottom of the global economic pyramid, with inadequate housing, food, water, energy and health. Raising them out of these conditions will require unprecedented economic growth in the poorest nations. That growth will bring with it increased material and energy use, in turn putting increased pressure on the land and its resources that are the base of economies. If those nations travel down the path of high carbon energy that created the economies of the developed nations over the past century, global emissions of greenhouse gases and other pollutants will rise in pace. It appears that solving the problem of global poverty – what we call ‘Squaring the Economic Pyramid’ at the Cambridge Centre for Climate Change Mitigation Research (4CMR) – will make the threat of climate change worse. Or to turn the sentence on its head, it appears that solving the problem of climate change will prevent us from raising the standard of living for the world’s poorest members.

This apparent dilemma arises only if we assume that slowing the rate of greenhouse gas emissions inevitably comes at a cost to economic growth. Many of the standard macroeconomic models now in vogue in public policy seem to lead to this conclusion. Under these models, solving the problem of climate change becomes a cost to the economy. This leads to a narrative in which nations are asked: How much of your economy are you willing to sacrifice in the name of climate policy? How many people at the bottom of the economic pyramid are you willing to leave behind?

At 4CMR we believe this dilemma is a false one, and that the narrative it produces is both wrong and unhelpful. We have therefore taken on seven Grand Challenges to solve through a combination of scholarly research, engagement with policy makers and thought leaders, and facilitation of on-the-ground projects.

Grand Challenge 1: Providing a more truthful picture of the relationship between economies and greenhouse gases. General Equilibrium Models (those in vogue in much of the climate policy debate) provide a sophisticated and mathematically impressive way to understand how changes in the economy



Modelling at 4CMR is uncovering the contributions of carbon dioxide from different production and consumption layers in the global economy, to identify the most effective and efficient points of policy intervention.

produce changes in energy systems, and the reverse. However, does anyone believe that real economies behave in the ways assumed in these models? Do people or markets really seek optimal solutions? Do markets really clear to find equilibrium after a price shock? Is this equilibrium – if it even exists – one of optimal economic efficiency?

Beginning decades ago, Dr Terry Barker (the founder of 4CMR) answered with a resounding “No”. He set about creating more realistic macroeconomic models that are dynamic, don’t posit hypothetical rational actors maximising their utility, and are rooted in 30 years of macroeconomic data on real behaviours of real economic sectors, rather than theories of how people ought to behave. When he runs his models such as E3MG (energy-economy-environment model of the globe), combinations of economic and regulatory policies emerge that provide for reduced greenhouse gas emissions without damaging the economy, including at the bottom of the economic pyramid. The new narrative then becomes: Can we find the will to put in place – and keep in place – those suites of policies that make us better off both economically and environmentally?

Grand Challenge 2: Understanding the transition to low carbon energy. Energy systems pass through stages of adoption – the technology diffusion curve. The rate of diffusion of these technologies into the

built environment depends on a range of considerations that include the price of the technology and the supporting resources (such as land or water). Research led by Dr Jean-Francois Mercure at 4CMR is defining how this diffusion takes place and the factors that influence it. It shows that there are wide differences in the rates of uptake of low carbon technologies depending on the policies put in place and the rates at which we deplete the resources of the land. The work is helping nations identify policies that will drive society towards lower carbon energy while keeping that supply reliable and affordable.

Grand Challenge 3: Tying climate policy to public health. Some people care about the environment. Some care about the health of future generations. Some care about the threat of climate change to people on the other side of the world, but everyone cares about improving public health today, in their own community. Led by the integrated assessment modelling team under Dr Aileen Foley of 4CMR and by myself, we study both the impact of climate change on health as well as the immediate and local improvements in health when climate policies bring along a number of other benefits (called co-benefits) such as simultaneous reduction in emissions of particulate matter that are known to produce cardiovascular disease. By reducing these diseases, we lower the burden on our health care system, reduce health care costs and increase the productivity

of workers. The health of both people and the economy improves. The added bonus is that these co-benefits are strongest in the nations at the bottom of the economic pyramid. When climate change seems too remote geographically or too far into the future to mobilise political will to act, evidence of the immediate and local co-benefits of decarbonising our communities can be a powerful force for change.

Grand Challenge 4: Marshalling the law to improve climate policy. Reducing the burning of forests so carbon remains locked into the land rather than going into the atmosphere, is a core climate strategy. Money is being transferred from the wealthy to poorer nations through programmes (such as REDD+) that pay the poor to retain forests rather than burning them to create agricultural land. However, it is not always clear who owns this land or the carbon within it, so it is not clear who should receive the benefits of this transfer of money that will square the pyramid. And this makes it difficult to attract private finance required for the projects. Legal research at 4CMR led by Dr Sophie Chapman is helping communities in Africa and Southeast Asia to better define these land, forest and carbon rights. This improves the likelihood that carbon remains out of the atmosphere while improving the lives of local communities that historically have relied on these forests.

Grand Challenge 5: Facilitating building retrofits. Three years of collecting data and a year of organising the community to act has led to the formal launch of Cambridge Retrofit, an ambitious programme of energy efficiency retrofits to essentially every building in Cambridge. The challenge of Cambridge Retrofit is not one of technology or planning, but rather one of finance, complex ownership chains, occupant behaviour and preserving the historical character of the city. 4CMR is facilitating a network of dozens of organisations (Bidwells, RBS, AECOM, University of Cambridge, Cambridge University Land Society (CULS), Cyril Leonard, 5th Studio, Cambridge City Council, Savills, Ridgsons, etc) to finance, deliver and monitor the retrofits of 65,000 buildings over the next 35 years. We are using our research expertise and the convening power of the University of Cambridge to guide a truly community-wide process of mobilising resources and the will to act, coordinating a network of building owners/managers, occupants, delivery groups, planners, suppliers, innovators and educators so all are rowing in the same direction. For more information, or even to join our effort, see www.cambridgeretrofit.org.

Grand Challenge 6: Mapping the road to business involvement in climate solutions.

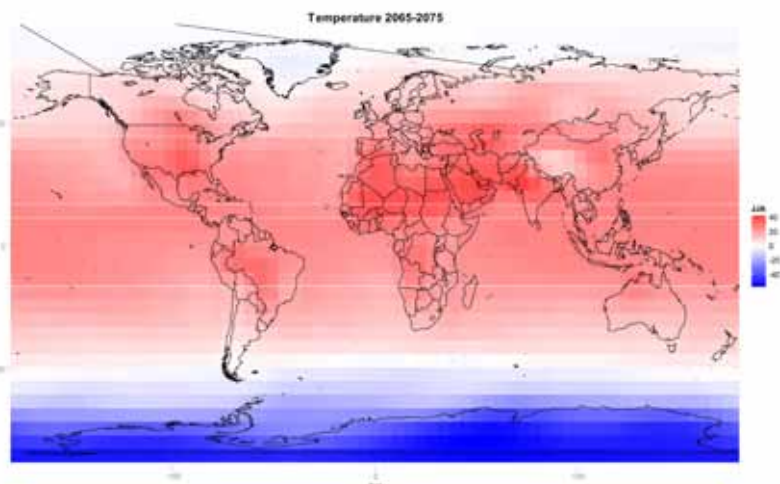


Climate policy has tended to be an activity of nations involved in the United Nations Framework Convention on Climate Change (UNFCCC). Nations however move slowly, while the business community can respond to a problem faster. In addition, the largest corporations have global reach and so their actions influence many nations at once. If we look at greenhouse gas emissions globally, most of these are caused by a few thousand multinational firms that are responding to consumer demand. Hence 4CMR, led by the work of Dr Andy Skelton, is mapping how these emissions arise at different layers of the global economy from resource extraction to intermediate production to final production and through to final demand. This is followed by analyses of how policies might be introduced to help industries and businesses drive carbon reduction most effectively throughout their supply chains. The result: An increasing ability of the world to simultaneously marshal the commitment and resources of the public and private sectors to tackle the threats of climate change.

Grand Challenge 7: Responding to a changing climate when it is upon us. Whether caused by humans or not, the climate will change. It always has and always will. We must therefore consider how this change will affect our built environment, the massive investment that lies behind it, and the economy dependent on a reliable infrastructure. This requires detailed understanding of how the climate is likely to change, how that change will produce risks to society, and how the re-design of the built environment can reduce those risks as temperatures change, rainfall patterns shift and the wind goes up or down or changes direction. Work led by Dr Scott Kelly at 4CMR is showing the way forward to understanding these risks, and the adaptation strategies that will reduce losses when climate begins to change significantly. If we fail to prevent anthropogenic climate change, it is at least good to know that there are strategies lying in wait to reduce the damage it will cause.

These seven Grand Challenges form the core of the work at 4CMR. They involve expertise from literally every area of the Department of Land Economy. They are the challenges that will define the 21st century. Meeting them will define the contribution made by Land Economy to the health of the globe, reducing the risks of climate change while helping square the global economic pyramid.

The integrated assessment work at 4CMR includes understanding how temperatures are likely to change in the future as greenhouse gas emissions continue and how this will influence public health in different parts of the world.



Beyond privatisation?

The Public Forest Estate and the dilemma of post-neoliberalism

Privatisation has been the dominant political doctrine since the election of the Thatcher government in 1979 and continued through the years of the Labour government. It was re-energised by the new Conservative-Liberal Democrat coalition in 2010 which committed itself to reducing the size of the state. But plans for the sales of the Public Forestry Estate in England foundered in the face of massive public protest. Does this reflect a turning point towards a new approach to public policy?

It is not so long ago, at least to those of us who have been around a while, that there were serious calls for land nationalisation. In 1973, Professors Kaldor and Neild from the Faculty of Economics co-authored the 'Case for Nationalising Land'. They wanted to convert freehold land to a 99-year leasehold so that the state could control development and capture development gains. As we may expect, Professor Donald Denman was not enthusiastic. In his characteristically measured way he asked "Can anything be more stupid?". Privatisation subsequently became a core government policy and the following thirty years saw mass privatisations across industry, utilities and public services and the spread of a neoliberal approach across practically all aspects of government, introducing market incentives, payments for public services, contracting out and deregulation.

By the time the Coalition came to power there was not much left to privatise. Except that, for reasons that are unclear, the Forestry Commission Public Forest Estate had been left largely intact. This then was an asset for potential privatisation. Jim Paice, Minister of State for Agriculture and Food, explained to a House of Lords Select Committee in November 2010 that "Part of our policy is clearly established: we wish to proceed with ... very substantial disposal of public forest estate, which could go to the extent of all of it". He indicated three issues behind the decision: "First, ... a view ... that Forestry Commission need not be owning all the public forestry estate. Secondly ... a need for capital receipts. Thirdly, we genuinely feel, and I feel very strongly, that it

is nonsense to believe that the huge public benefits can only somehow be under state ownership."

The government then initiated a consultation on the sale of the estate in England, but its plans didn't run smoothly. The proposal precipitated a major public backlash; in an opinion poll, 84% agreed that woods and forests should be kept in public ownership for future generations, and well over half a million people signed a petition demanding that the government "Save our forests – don't sell them off to the highest bidder". As a consequence, government plans were scrapped and an Independent Panel of the great and the good appointed, including Dame Fiona Reynolds and chaired by a bishop, to undertake a wider review of forestry. In its report in 2012, the Panel concluded that forestry and woodland were greatly undervalued, that the area of woodland in England should be expanded by 50% by 2060, and that the forest estate should remain in public ownership.

What can we conclude from this experience? The Panel's conclusions were interesting. While they advocated continued public ownership, they also wanted to protect the forests from short-term political interference by government. They proposed that the estate should be 'held in trust for the nation' and overseen by a Board of 'guardians', directly accountable to Parliament. The Board would represent major stakeholders as well as the interests of future generations and of the wider environment and society. This could clearly be a source of tension between the Board and a government that is still expected to provide subsidy but without having control. It may already be signalled



Ian Hodge
Professor of Rural
Economy



in the Government's comment that it "will support the new body to the level required to secure its long-term success, but has a clear expectation that it should become as financially self-sustaining as possible over time". A government committed to reducing the public deficit may see this as offering an excuse for cutting back expenditure on forests.

This raises questions about the democratic control over the forest estate, but it is symptomatic of a wider issue in public policy. There is general appreciation that unregulated private ownership cannot deliver the full range of values that society seeks from the land, increasingly characterised as ecosystem services. But at the same time we also don't trust politicians to deliver balanced judgements in society's long term interest. This may be seen as the post-neoliberal dilemma. It leads us to pass social decisions over to partnerships of stakeholders or panels of 'experts'. Similar arguments apply in many areas across Land Economy; Phil Allmendinger has written about spatial planning as being 'post-political'. Neoliberal government still wants to have control, but is reluctant to intervene in more fundamental ways. However, handing decisions over to partnerships and experts raises its own challenges. We don't know what criteria are being used or what processes are adopted in decisions that are being taken on our behalf. We cannot see what pressures are being applied or whose interests are being served.

Perhaps it is time for more robust public involvement. Paradoxically, the means for doing this are enhanced by the neoliberal approach, such as through transferable permits, environmental contracts, offsetting or conservation covenants. If well implemented, intervention can be better targeted and more subtle. A next phase of research needs to explore the implications of such mechanisms and the alternative forms of governance through which they can be crafted in pursuit of transparent social goals.

¹ It is an aspect of a bygone age that economics professors can write a pamphlet in support of land nationalisation. But perhaps Ha-Joon Chang's current success with his more heterodox approach to economics signals a change, at least amongst the general public if not in the economics profession.

Land Economy's computer applications to develop spatial analysis

Direct estimates of the Geographic Information market as to the size of the geographic information business in the UK vary from around £650m to over £900m, according to the Association for Geographic Information (AGI). The seamless integration of geographic information in our daily lives is done to such an extent that mostly we aren't aware that our daily activities are dependent on geographic information software and analysis. The best example is the use of Google Maps. All of this is a result of research developed in the past 30 years that is now fully integrated in commercial software.

As a result of the importance of geographic information, it is essential to pay attention to the technical requirements and need for specific hardware, software and expertise in such diverse areas of land economy teaching, research and practice. The Department of Land Economy and the University are increasing the offer and scope of geographic information analyses and spatial led computation in the teaching and research programmes. The Department is promoting such a strategy by: 1. Offering geographical information courses that allow students to learn GIS and integrate it with Land Economy related analysis, 2. Developing a GIS lab, namely the Cambridge LISA-Lab (Lab of Integrated Spatial Analysis) www.landecon.cam.ac.uk/research/lisa.

In the GIS module, students 'learn by doing' during practical classes and develop a project (i.e. identifying points in a map of surveys and querying/mapping the results, creating sensitivity analysis maps, producing

scenarios). In contrast, the LISA lab allows the development of innovative computer applications through specific projects and is also the first port of call when other researchers doing spatial analysis require a quick answer to a task they can't develop in GIS.

Two examples of projects at LISA-Lab are CID-USST and IUBEA. The first project, CID-USST, was commissioned by the "Yucheng Incubator Centre" (Jiading, Shanghai, China) and was jointly developed by Elisabete A. Silva, Dr. Helin Liu and Dr. Qian Wang. The second project, the IUBEA model, was a joint project developed with Dr. Ruchi Choudhary, Miss Sun Yu and Dr. Wei Tian and partly supported by the Energy Efficient Cities initiative (www.eeci.cam.ac.uk). Both models are briefly described next.

Deciding the location of, and planning for, creative industries

The CID-USST model is a free programmable modelling platform which specialises in agent-based modelling (ABM), and includes the mobile geographical location of the agents (the firms and the workers) and their spatial explicit environment containing, among others, roads, houses, universities, subway and train lines and stops. The user can specify a range of scenario options that reflect different urban policy schemes such as the number, the spatial allocation, and the duration of policy packages. Also, the interface provides the user with the tools to set up different critical values for the triggers (that influence the locational

movements of the creative firms and the creative workers – i.e. different tax incentives) and different configurations of the urban space (i.e. the development of new infrastructures). Scenario outputs are recorded in map and graph displays.

In figures 1 and 2 we can see the location of workers and housing prices resulting from the simulations of multiple policy packages and the spatial impact for firms, workers or housing of specific policy decision.



The final spatial distribution of the creative workers



The spatial distribution of the housing rent

Dr. Elisabete A. Silva, Ph.D., MRTPI, FRICS
Senior Lecturer in Spatial Planning
Co-ordinator of the Ph.D. Programme
Director of Lab of Interdisciplinary Spatial Analysis (LISA Lab)
Fellow of Robinson College

CULS Supports Land Economy Visit to China

As part of the Department's global engagement, academic staff and students from Land Economy travelled

to China in September 2013 for a very full programme of meetings, seminars and events. The trip was organised by Dr Helen Bao and

was made possible with a generous donation from the Land Society and grant funding from the Economic and Social Research Council.



DEPARTMENT OF LAND ECONOMY: Current Projects/Research

Five staff (Philip Allmendinger, Colin Lizieri, Martin Dixon, Helen Bao and Marina Ballard) and twelve PhD students participated.

The first stop on the trip was the city of Wuhan, the largest city in central China. The group visited the School of Management, Huazhong University of Science and Technology, where presentations on urban development and planning for growth emphasised the dynamic, changing built environment in China. The group then travelled to Beijing, visiting Renmin University and Peking University, two of the leading elite universities in China. We discussed research collaborations and exchanges, shared ideas and took part in a symposium on land economics and urbanisation. At all three institutions, our PhD students met and mixed with doctoral candidates exchanging ideas and debating research.

During the trip, the Cambridge group also visited two major real estate developers in Beijing to explore opportunities for funding China-related research projects

at the specialised research centres in the Department, as well as supporting PhD students for fieldwork. The breadth of Land Economy's focus, from property rights through urban planning and real estate finance to sustainability and green issues impressed our hosts, dealing with these problems at a vast scale in a rapidly growing economy.

On the 14th of September a Land Economy Reunion was held in Beijing, with more than thirty Land Economy graduates attending the event. Our alumni had a great time catching up with staff and their peers. We hope to repeat the trip in 2014, visiting other cities and universities, building our networks in China and enhancing our links with our Asian based alumni. We are grateful for CULS's support for the initial visit.

Dr Helen Bao
Department of Land Economy



The Cambridge University Land Economy Society (CULES)

Land Economy is arguably the most mysterious of all Cambridge subjects. CULES' role is to shine some light on this multi-disciplinary degree and to enhance its benefits for those who study it.

One of our main duties is to provide the platform of social interaction for the student body across year groups. Especially at the beginning of the year it is crucial to build up relationships with other land economists. These relationships are important for academic help over the course of the bachelor, master or PhD by allowing discussions outside the lecture theatre.

After welcoming the new undergraduate students on the induction day, the annual Fresher's Curry in October provided a good opportunity for students to get to know each other in a non-academic and informal setting where we could introduce some of the Cambridge traditions and provide answers to any questions regarding the course or life here in general. Another event we organised was the Annual Dinner in November, which celebrates the subject, the society and its members. One of the most cheerful and ecstatic occasions is certainly the end of exams dinner, which is organised informally and has become a recent tradition showcasing the deep bond among students.

Following dinner at Bangkok City, 30 Land Economy Finalists gathered at the Hawks Club before continuing celebrations at the local nightclub "Cindies".

The relationships that have been built at Cambridge still exist and grow stronger after university as exemplified by the success of the Land Society. The interaction with alumni is particularly beneficial to existing students by providing guidance and future prospects after graduation. CULES helps to foster these connections by assisting in the Property Careers Fair at the University Centre where

150 students came to see more than 30 firms, the mentoring scheme for finalists and MPhils, as well as the Real Estate Careers' evening at Hughes Hall. Furthermore, we organised trips to participate in educational conferences, such as learning about property lending and development finance in practice at the CREFC (Commercial Real Estate Finance Council) Europe Spring Conference. Special mention is due for the 1st year Land Economy team who won the Deloitte Micro-Tyco University Challenge 2014, where students had one month to turn a £1 micro-loan into as much profit as possible.

As such, it has been a successful year for CULES. In the end, Cambridge is about much more than exams, dissertations or a degree. It is a place for people from around the world to come together and form relationships that last a lifetime. There is no other course in Cambridge where people from across colleges and year groups are so close and this is what makes it great.



Thorben Schaefer and Andreas Chen,
current Land Economy undergraduate students.



The Estates Management Development Fund (EMDF)

The EMDF originates from a gift by the late Sir Harold Samuel, founder of Land Securities Plc in the 1950s. It gives financial support to a number of senior appointments within the Department of Land Economy. The Fund helped channel university investment in two strategically important areas of research and teaching: climate change and international environmental law. In fact, the two most recent Chairs in the Department have been part funded by EMDF: The

Harold Samuel Professorship in Law and Environmental Policy, and the Professorship in Climate Change Economics and Policy.

The governance of the Fund is through a combination of two RICS appointed independent trustees, the Chair of the Departmental Board, the Professor of Land Economy, and one elected senior member of the Department. Traditionally the Chair is one of the RICS appointed members, and I presently perform that role. Andrew

Waters is the other RICS nominated Trustee. The purpose of the Fund is to support and promote the study of Land Economy within the University. The fund can also accept and manage donations to the Department independently of the University.

Chris Bartram

Chairman, Orchard Street Investment Management LLP

Keen to do a Ph.D in Land Economy?



Increasing numbers of people return to the University in order to do a Ph.D. The goals for doing a Ph.D. have changed through time. While many years ago academic life would be the ultimate goal, nowadays the diversification of future job prospects is clearly seen. Across the world future students intend to develop Ph.D. research as a way to progress in their expertise. Private companies, NGO's and government departments rely on this new wave of recent Ph.D graduates to take leadership positions and bring innovation to their structures. Recently one of our former Ph.D students was telling me that 'amazing salaries and top leadership positions' are available to those that don't follow the traditional academic jobs and venture into these new areas.

Land Economy is no exception to the trend. Recent graduate students in Land Economy with specialisations in land related subjects such as Real Estate Finance, Planning, Environment, Economics and Law see themselves at key leadership positions in institutions such as the World Bank, United Nations, central Government departments, their country's central bank, key multinational corporations, etc.

In the last few years, the Department made an effort to bring all this expertise into a structured and exciting new programme. Three key actions were established:

1. The development of a Ph.D. Handbook – it contains details of the administrative arrangements in the Department for Ph.D. students, timelines, key deliverables, lists of members of staff, etc .
2. The Department offers a programme of courses throughout the Michaelmas and Lent terms aimed specifically at Ph.D. students, in order to:
 - ensure that new students to the Department are offered an induction to the Department, Ph.D. program, University, and Colleges.
 - provide introductory courses (that are customised to the subject areas of Land Economy) on research methods, presentation skills, publication requirements, future career options, etc.
 - provide the opportunity for students to present their research and progress to colleagues and to receive constructive feedback.
 - provide support and advice to students undergoing preparation for the first year and seventh term assessments.
 - provide a forum for students to meet and engage with experts from outside of the Department through discussion during workshops and roundtable sessions.
 - assist students in orientating themselves within the Department and University and to engender a sense of community amongst students.

3. The Department's PhD Day is a conference style event with panels and chair. It presents an opportunity for PhD students at all stages to present their work to peers and academic staff and to gather constructive feedback. A call for abstracts is sent out at the end of October and students wishing to participate will need to submit abstracts according to specific guidelines.

Finally, and as mentioned by our Department Head Prof. Phil Allmendinger in the Ph.D. Handbook: "do enjoy your time in Cambridge. There is a great deal going on here, both academically and in many other fields. Do take advantage of it. We hope that your time with us will not only extend you intellectually, but will also develop in your skills and insights that will prove invaluable both in your future career and throughout your life".

Interested in our Ph.D Programme, Handbook, Ph.D Day, or how to apply to do a Ph.D. with us? Please visit www.landecon.cam.ac.uk/courses/postgraduate-study/phd

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CULS MEMBERS: THOUGHTS AND REFLECTIONS

Chris Grigg**Diversity in who we employ can only benefit our businesses**

CULS Member Chris Griggs, Chief Executive of British Land, is a panelist on Property Week's Open Plan campaign to increase diversity in property. By kind permission of Property Week, we have reproduced the article, published on 6th June.

Chris Grigg

Chief Executive of British Land



I'm delighted that Property Week is launching a campaign to promote diversity.

Diversity is a topic that means different things to different people. It's also a topic that can excite passion and controversy as well as agreement.

However, it is very important to make clear that in a business context, diversity should be most about improving performance, via delivering a true competitive advantage. That's why as an industry we need to focus on it today, and in the long term.

So how can creating greater diversity add to performance?

First, to succeed in the modern world, we need to be able to think like our customers, so that we can anticipate and understand their decisions. It's probably harder to think like them if we are very different in terms of gender, race and background.

At the senior levels of the property industry, women and ethnic minorities are rare; can we be comfortable with that in a changing world? And of course, as our market rapidly globalises, new entrants will be more diverse than "domestic" organisations. Is that a threat or an opportunity?

We also need to be able to innovate and

to move with the times. Yet many of the innovations changing the way that people shop, work and live are driven by trends and fashions that few of us are truly familiar with.

Finally, in a changing world, decision making at the top of organisations becomes particularly critical. Yet it is a well-recognised management issue that groups of like-minded individuals with similar backgrounds can end up more interested in agreeing with one another than reaching the right decision. It's what psychologists sometimes call "groupthink".

Having a more diverse group at the top, with women (for example) playing a more prominent role, would help address some of these issues and so reduce risk. To put it in a different way, if we rely on a group that remains mainly white, middle class and male, we may not do as well as we could.

Attracting different types of people is only part of the problem. Many sectors - not just ours - struggle with the reality that even if they have a good proportion of women coming into the industry, only a small group carry on to become really senior.

Of course we need to recognise that some aspects of this problem are quite difficult to solve, but this should add to our determination to crack the problem. There are certain actions that seem to help. For example, we need to support women who want a career break or extended period of part-time working.

When looking to make senior appointments we need to make sure we are not following a pattern of discriminating - albeit unconsciously - against women who work less than a five day week.

Additionally, many women are reluctant to apply for more senior roles; we should not simply conclude that they do not want these jobs just because they are not shouting about it. They may be a far better choice than the uber-confident man in the front row with his hand up.

But to be clear, adding more senior women to our ranks is not the only thing we should worry about.

The Property Week Open Plan manifesto (www.propertyweek.com/openplan) sets out a number of important points which we can and should focus on.

This is also why British Land is a principle sponsor of Pathways to Property, a Reading Real Estate Foundation initiative aimed at widening access to the industry for academically-able Year 12 students from non-traditional backgrounds. Right now that feels like a particularly good idea, with so many children grafting through GCSE, 'AS' and A Levels.

We also have to make sure that our recruiting panels do not simply choose people similar to themselves (more groupthink), but are really focussing on the person likely to do the job best over time. A different perspective in any role should be seen as a potential advantage, not an impediment to success.

These are all hard challenges, as every major industry and professional body around the world will attest. But equally, the real estate industry holds many attractions for those already here, as well as for future cohorts yet to join. That means we should be able to create a high-quality and increasingly diverse workforce over time, which can help us deliver superior returns.

**INCREASING DIVERSITY IN PROPERTY**

Where has the time gone? In 1989, I matriculated at Girton and began my Land Economy degree. At the time, the course had only just become a 3 year course and all I can really remember is feeling very intimidated about being at Cambridge. How on earth had I got in?

I was a worker, but did I have the stuff that would get me through? At no point did it occur to me that one day I would be responsible for 25% of the assets of one of the largest UK corporate pensions schemes in the UK and making decisions about private equity, hedge funds, infrastructure as well as property. This is a brief look back on my journey and in particular how my Land Economy degree has helped me.

Jenny Buck

25 Years on: To what has a degree in Land Economy lead?

When I went up to Cambridge in 1989 I thought I would go down the rural route – I come from the countryside, but for various reasons decided that the commercial side of things was probably more suited to me. Third year came along, and rowing and various other things made life a bit too hectic to get my head around milk-rounds and applying for jobs. So, I graduated without a job and the recession of 1992 hit home hard. There were very few jobs around, and I lived in the north of England; not exactly handy for London where the few available jobs were. I was lucky – a combination of persistence, luck and a Cambridge degree got me a job at Grosvenor.

And what a baptism of fire it was! At the time, the Land Economy course was good, in my opinion, on the legal and planning side of things. It was also good at teaching you to teach yourself, but valuation and investment appraisals had not really landed with me! Some of you may remember it was the era of over-renting, reverse yield gaps and the start of DCF cashflow analysis. It was also the start of computers; faxes were novel, dictation was the norm, and mobile phones did not exist. I am sure I was a liability to start, but Grosvenor was amazing and over 7 years I did everything ranging from fair rents, rent reviews in Oxford Street, residential in Belgravia to shopping centre investments. My legal foundation, the ability to work things out from core principals, and having no expectation

that others should teach you, were key to succeeding.

After 7 years, it felt like I should experience another working environment, and I was offered a job as a property analyst at Erste Bank.

I decided to accept this largely due to the fact that I really liked the person who I would be working for and felt I would learn a lot from him. Incidentally, he is a Cambridge man. The work was a big contrast to what I had been doing previously. Although I learned a huge amount both technically and about people management, I decided it was not something that I wanted to do for the long term. I therefore moved to Schroders in 2001, the start of a 10 year career. The role was to manage the debt in their property unit trusts and to help them grow their fund of funds of business.

This was a new career; what was a property unit trust, what on earth did “fund of funds” mean? I quickly realised I had joined a business that didn’t actually have any money of its own to invest but rather you had to convince clients to let you manage it for them. I won’t bore you with the details, but the role grew into very much running a business including recruiting and building overseas teams. Where had that come from, and what training had I had to let me be qualified for it? Nothing really other than a strong understanding of cashflows and property investment markets, a work ethic, some common sense and the ability to communicate with all types of people. Although hard work, my time at Schroders was special and I was given the opportunity to do a lot of things that I would never have dreamed of; spending days getting to a client in Shetland, pitching for business without a table or desk; trips to India, China, Singapore and the US.

After the GFC, I took a step back and concluded that I wanted to take some time out. At the time, this was a probably very reckless but it was right for me. I was lucky that during that time I was the President of CULS and this gave me a “role” and reason to still “float” around the property market. I knew when I decided to leave Schroders that a number of people would “drop” me, but I did not think that they would be the people who did – you quickly become a nobody without a job; the question “what do you do?” is like a “hello!”. At the time I had been involved actively with CULS for about 3 years, and all I can say is CULS was amazing and anybody who was a Cambridge graduate, regardless of their seniority, would always make the time to see me.

After my reflection period, I realised that property was what I did really love and I was again in the right time and place to take on a role as head of Property for the Tesco Pension Fund. This role has now expanded to include all of the alternatives asset class and hence the reason for now being responsible for 25% of the pension funds assets. And before you ask, no I never thought that one of the best jobs in the world would be for working for a supermarket, but it is!

Hopefully, you will have sensed how important the core competencies of Land Economy are: the ability to construct an argument, and work things out, are the skills that I use. I believe my education at Cambridge gave me these skills. Furthermore, the Cambridge brand and network are invaluable and I think I have only latterly realised how privileged I am to have them and how precious they are.

My journey is not particularly special but for those of you just starting your careers, if there is anything that I would like to have been told as I started, it would be: keep the learning curve going, take the chance to work overseas if you get it, give something back to our industry if you can, and don’t under estimate the importance of your network.



Jenny Buck
Head of Property and
Alternatives at Tesco
Pension Fund
Past CULS President
Girton, 1989-1992

CULS MEMBERS: THOUGHTS AND REFLECTIONS



Michael Griffith

18 Months in Property – The Graduate Perspective

Having spent three enjoyable years in the Land Economy department and at Queens' College, I embarked on my journey into the "real world" of a first full time job in September 2012. This came in the form of an assistant surveyor position at Drivers Jonas Deloitte, now Deloitte Real Estate. In the short article that follows, I hope to give you an insight into my first 18 months in the property industry.

Starting in September 2012, the market was still somewhat "on edge". Whilst there were positive indications that things were moving in the right direction, the temporary nature of the 2010 recovery still weighed on the minds of many, whilst uncertainty in the Eurozone tempered business confidence.

Consumer spending was constrained and it was in this context that I found myself working on the high profile administration of a high street retailer in Q1 2013. It was certainly a baptism of fire, and very different to what I imagined my first few months in a surveyor's practice would be like. I was involved in assessing the store closure process, interpreting the interesting Goldacre legal case and maximising lease assignment returns from the store portfolio. After adapting to the pace

of decision making required, I found my role working with the administrators an excellent learning experience, most enjoyable and highly interesting.

Deloitte's real estate platform echoes many of the core values of the Land Economy department – a multi-disciplinary practice which prioritises collaboration between departments to meet client requirements, without losing sight of its more traditional surveying foundations. Like the Land Economy department, it is where business meets real estate, rather than real estate in isolation.

Whilst my first few months demonstrated the changing role of the surveyor in the marketplace, my role has since been more akin to that of the "traditional surveyor". I have rotated through a lease advisory team, assisting on aspects of the landlord and tenant relationship including rent reviews, lease re-gears and lease renewals. Working on a variety of jobs, from the buzzing London retail market to retail in weaker regional locations, highlighted the depth of the divide between the south east and smaller towns in other regions, which are dominated by an aging population and have less spending power than the economic engine prevalent in the south east.

More recently, I have been working in a commercial real estate valuation team, completing valuations for financial reporting, loan security and other purposes. This is the real "nuts and bolts" of property and has helped link together learning from other parts of the firm. Since Q3/Q4 2013, the market for investment properties in the south east has really turned a corner. In such a fast paced and ever changing market, valuers have to be on the pulse and maintain a thorough understanding of investor demand, which drives yields. With the latest IPD data suggesting that rental growth has now returned to much of the market, it will be interesting to see if the rate of yield compression changes noticeably in the context of improving property fundamentals.

My first 18 months in the industry has been thoroughly enjoyable. I have had the opportunity to further the multi-disciplinary skills developed from my time at Silver Street. The next thing on my agenda is the RICS Assessment of Professional Competence which I hope to take in autumn 2014. Some of the old Land Economy textbooks may need to be dusted off!

Michael Griffith, Queens, 2009-2012

Dominic Reilly

Dominic Reilly, CULS Honorary Treasurer

A perspective on the Market for Debt secured on UK Commercial Property

Three recent surveys provide an insight into the health of the commercial property market in the United Kingdom.

The De Montfort University report into the UK Commercial Property Lending Market for 2013 reports that the approximate amount of debt secured on commercial property and reported to the University has declined since its peak in 2008, around the time of the Global Financial Crisis, to a present figure of £180 billion. Furthermore the survey estimates that the total amount of debt in the market taking account of balance sheet lending, CMBS loans and non-bank lending is in the region of £250 billion.

It is difficult for any analysis to accurately capture the size of the debt mountain and thereby assess the wellbeing or not of the market. A perspective is provided by the report commissioned by the Investment Property Forum (IPF) undertaken by the Paul Mitchell Real Estate Consultancy which estimates the total value of UK commercial property stood at £647 billion in mid-2013, while the commercial property investment universe was estimated at £364 billion. Total lending of £250 billion therefore represents a Loan to Value Ratio of 39% and 69% respectively against these two

market estimates which to me seems to be still on the high side of unhealthy.

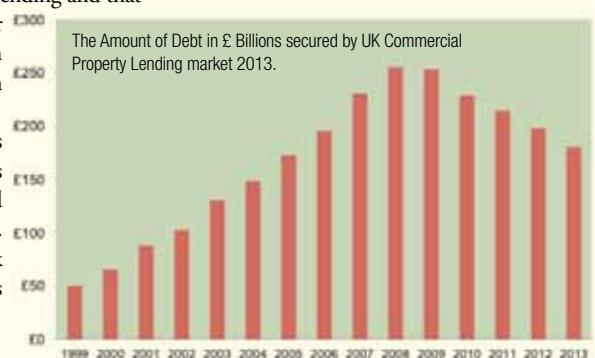
The third survey I refer to is the Laxfield Barometer which measures activity of current financing requirements in the UK commercial real estate market. From a total sample of £37.0 billion loan requests across 392 deals received and analysed by Laxfield Capital from January 2013 to March 2014, the proportion of borrowers seeking leverage in excess of 65% increased substantially, from 29% to 44% while demand for "jumbo" transactions (loans in excess of £100 million), represented 30% of requests and the average loan size requested was in excess of £90 million.

Is it now safe to consider that the market has returned to a level of sustainable lending and that we are not about to enter another boom and bust cycle to which Gordon Brown championed an end when he was Prime Minister?

Sentiment in the market is very positive and confidence is at the sort of levels last witnessed in the middle of the last decade. Demand for investment stock in all sectors and geographies

is strong and highly competitive, while banks indicate their willingness to lend on all types of commercial property from investment property through to speculative commercial development.

I predict a healthy and profitable market for the next two years. However, there are pressures in the market to lend at higher loan to value ratios and at lower margins than we have seen in the last five years. Regulation has to a degree placed a restraint on what a Bank is prepared and able to lend, but the presence of so many lenders in the market from a differing range of backgrounds (including some with very short memories) worries me that we may be talking about another debt fuelled downturn in 2017.



Yi-Bin Woh

The AIFMD and the Changing Landscape of Real Estate Funds

Yi-Bin Woh is a current Land Economy MPhil student, and her dissertation relates to the European Union's Alternative Investment Fund Managers Directive ('AIFMD') and the UK real estate funds industry. In this article, Yi-Bin shares from her dissertation work and helps us to understand the changing landscape of real estate funds.

Under the Department of Land Economy's Student Mentoring Scheme, Yi-Bin is being mentored by Nicole Bell, the current Head of Legal, Property at Schroders, whose work encompasses AIFMD-related matters.

Yi-Bin says, "I have had a positive experience with the Scheme so far". "My goal is to become a City solicitor, and Nicole has given me a lot of support and guidance in this respect."



meaning shares can be issued or redeemed at any time; or closed-ended, where all shares are issued at the outset. An AIF can also take any legal form. Certain real estate investment structures however do benefit from exemptions, for example, joint ventures.

An EU-based fund manager must apply to be authorised as an AIFM by 22nd July 2014 if

specific thresholds are met in relation to the manager's total assets under management. Managers operating below this threshold will be classified as a "small AIFM". Although small AIFMs are only subject to a registration requirement and not the more onerous authorisation obligation, they can opt for full AIFM status.

EU-based AIFMs need to comply with capital requirements and other operational requirements, including the maintenance of risk and liquidity management procedures, independent valuations, and transparency obligations. They will also need to appoint a single depository for each AIF, who will be responsible for monitoring an AIF's cash flows amongst other things.

One benefit of the AIFMD is the introduction of an EU marketing passport regime, which will allow AIFMs to market AIFs to professional investors throughout the EU without having to deal with the patchwork of different national marketing rules. Non-EU managers looking to promote and/or manage real estate funds in the EU will not have recourse to the marketing passport yet, but can utilise an EU Member States' national private placement rules in the meantime.

that ongoing costs for all European real estate funds will amount to approximately 3.28m. Although it remains to be seen how the market will evolve, the additional costs of compliance may eventually be passed on to investors.

Shortage of depositories

On a related note, there is a potential undersupply of banks and specialist firms that are sufficiently capitalised to provide full depository services for open-ended and certain other funds. This is chiefly due to the high capital requirements imposed on AIF depositories (i.e. £4m), which only banks are likely to be able to achieve. As a result, depository fees are likely to be substantial and may act as a barrier to entry for smaller real estate funds.

Going forward

Many UK fund managers seeking AIFM status have a target authorisation date of 22nd July 2014 and have to submit various supporting documents to the Financial Conduct Authority ('FCA') one month before this (i.e. by 22nd June 2014). Managers are also getting familiar with a new part of the FCA handbook called "FUND", which sets out much of the relevant rules.

According to Melville Rodrigues, a partner at law firm CMS Cameron McKenna, most real estate fund managers have had a pre-existing culture of compliance and have come to terms with the AIFMD. In addition, existing industry practices largely coincide with many AIFMD obligations. For example, real estate funds already conduct independent valuations according to standards set out by a professional body.

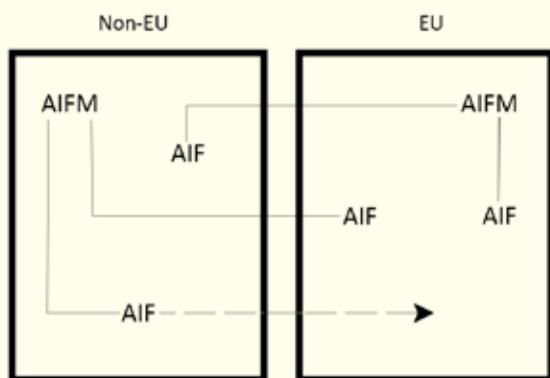
Rodrigues indicates the main practical implications of the AIFMD relate to increased reporting obligations – to investors and the regulator – and operating their funds with a depository. Managers should explore organisational solutions which enable them to operate efficiently within the AIFMD, and minimise any erosion in investors' returns on account of AIFMD compliance.

All in all, this is an exceptionally busy time for real estate fund managers, who are getting to grips with the plethora of new rules. Such a level of activity in the regulatory sector has not been seen since the introduction of the Financial Services and Markets Act nearly 15 years ago. Lastly, although the AIFMD presents some barriers to entry for smaller players, larger players seem to be coping well, albeit at a cost.

The European Union's Alternative Investment Fund Managers Directive ('AIFMD') marks the beginning of a new regulatory era for real estate funds.

The AIFMD establishes pan-European regulatory standards for monitoring and supervising risks posed by real estate and other alternative investment fund managers ('AIFMs') managing and/or marketing alternative investment funds ('AIFs') in the EU. Below is a graphical depiction of the scope of the AIFMD.

An AIF is broadly defined as any collective investment undertaking which does not require authorisation pursuant to the UCITS Directive. An AIF may be open-ended,



Non-EU managers who manage EU funds or who market non-EU funds in the EU

EU managers who manage EU or non-EU funds

Challenges for UK real estate funds

The two key challenges are: *Cost of compliance*

Fund managers face significant additional costs associated with the AIFMD. A study commissioned by the UK Financial Services Authority ('FSA') suggests the European real estate funds industry as a whole will face one-off costs of approximately €93.72m as a result of AIFMD. The same study estimates

Fig 1: Scope of the AIFMD (Source: BNY Mellon)

CULS MEMBERS: THOUGHTS AND REFLECTIONS

Lord Richard Inglewood

Hutton-in-the-Forest: The need to create on-going sustainable conditions for outstanding buildings and their surroundings

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

When I was up at Trinity (1969-1973) my father was very keen that I should read Land Economy, he himself had stayed on to do the Diploma in Estate Management 1932-1933, because our family business is a traditional country estate in Cumbria, which has been in the family since the early 17th century.

While part of me wanted to read Part II History, I had read Part I English, I eventually decided to follow his 'advice', and I have certainly benefited from having read Land Economy despite not having been the most diligent in the year.

'Our family business', the Hutton-in-the-Forest Estate, is in Cumbria - partly in the Lake District and partly just outside the Eden Valley. Since the early days the family had been baronets, and never had large injections of cash from minerals, town property or heiresses. The centre of the estate, and many ways its rationale then and now is Hutton-in-the-Forest, a Grade I listed building, one of Simon Jenkins' '100 best houses'. Moreover we still have in it many of the original contents, which together with its surrounding garden

and landscaped setting make it what is now called an installation, which is a site specific work of art.

Although not on a par with, for example Chatsworth or Blenheim, in fact it is quite different, it is certainly of national importance, and after my father died in 1989 I obtained conditional exemption for the house and its contents which involves opening for visitors and set up a Maintenance Fund solely for the support of the house which provided income on which no income tax was paid. I cannot spend it otherwise. It made the whole thing sustainable because such places are doomed without regular ongoing maintenance.

Although I qualified as a chartered surveyor and as a barrister I left the traditional world of Land Economy graduates in my thirties and

have since done a number of things including being elected to the European Parliament, briefly being a junior minister, and for a number of years chairman of a small FTSE (Carr's Milling Industries plc) and of a local newspaper company (CN Group).

During that time my wife and I have slowly repaired and enhanced the house and grounds after years of relative neglect – the first two thirds of the 20th century were hard times for businesses like ours, and my parents' great achievement was, like Abbé Sieyès, to have survived. We have established it as an integral part of the cultural and visitor economy in Cumbria, probably the most important employer in the County.

The house has directly depended upon the private house for the past 400 years and, as the experience of national museums and historic buildings more generally clearly shows, profits from trading alone cannot sustain the necessary levels of maintenance and conservation required. Frequently much more money is made for third parties than is generated for the owners, and those who bear responsibility for such places. Hence the combination of Conditional Exemption yoked with a Maintenance Fund provided the basis of sustainability for Hutton-in-the-Forest.

Shortly after coming down from Cambridge, the plight of the English Country House was highlighted by the celebrated 'Destruction of the Country House' exhibition at the V & A Museum. It led to some legislative and fiscal changes which made what I did possible and





has helped a significant part of our National Heritage to survive. This sustainability, so important to long term confidence, has been thrown into question by the impact of recent changes to law surrounding income tax.

Until February this year I was Chairman of The Reviewing Committee on the Export of Works of Art, and one of the things which has struck me most about the international art world is how countries such as Qatar and The Emirates, in anticipation of the end of oil revenues, are creating centres of secular pilgrimage which in an era of increasing international wealth and mobility will generate enormous revenues over time. They are doing this by emulating the English 'Milordis' of the Grand Tour to Italy in the 18th century,

spending millions of pounds on acquisitions and new museums.

There is, of course, nothing wrong with that, except we in this country, like many Italians in the 18th century, are standing by watching idly, or even worse conniving, as a significant amount of what would underpin future prosperity in this country is dispersed and/or neglected.

We are told all the time that tourism is so important to our national economy, and I am sure it is, not least because cultural tourism generates a relatively high spend. Cultural tourism is the principal draw for high spending visitors and yet government, perhaps rendered inactive by populist paranoia, appears to give it remarkably little encouragement – it is far from simply a question of money.

Traditional estate management, which entails nurturing land and buildings, is different in a number of ways from property development, which at its heart relies on creative destruction. The latter in its present form owes a lot to contemporary technology and advanced anglo-saxon capitalism. Property development is a form of permanent revolution catalysed by the market which thrives on change, but it is not necessarily sustainable. This may not matter in every case, but it does in ensuring the best buildings and landscapes are not lost, which matters both for general cultural reasons and because over the longer term they will be significant creators of wealth. There is very considerable diffuse public benefit.

As far as the finest landscape is concerned, the impact of European and UK policies with the development of the concept of eco system services have gone a considerable way towards the emergence of sustainable National Parks, yet nothing equivalent has emerged for their architectural equivalents which need it just as much.

Unless policy makers regain an understanding of estate management a lot of our history and culture will be lost for ever and with it a lot of future national wealth, and all for the cost, probably much less than the cost, of what the public sector seems to consider an acceptable level of waste in areas in which it operates itself.

Richard Inglewood



CULS MEMBERS: THOUGHTS AND REFLECTIONS

Donald Davies

Local Money, Financial Exclusion and the Housing Crisis: A Personal View on Credit Unions by the President of 'Somerset Savings and Loans'

Credit unions are financial member-run co-operatives; members have a say in how they are run and the volunteer member directors are elected to represent members' interests. All credit unions have a "Common Bond", which unites the common interest of the members, which might be that they live or work in a certain area, belong to a particular organisation or work for a certain employer.

Credit unions aim to promote responsible lending, providing credit and loan products with fair and reasonable interest rates, and to encourage thrift. As a reward to savers, credit unions distribute their profits to members in dividends, so any surplus stays in the community. They are also committed to improving the economic and social well-being of members, offering banking services, insurance products and access to financial advice and support, as well as providing a range of savings and loan products.

The credit unions operating in Britain today vary greatly in size, membership and the range of services they offer, but they all share a basic philosophy and set of principles with the worldwide credit union movement of over 40,000 organisations. The ideas and

values central to how credit unions work were developed in the 19th century. Credit unions took time to take off in Great Britain. People who had seen the idea work in Ireland, the Caribbean, Canada and the USA were amongst the first British credit union pioneers. The turning point came in getting a legal structure for credit unions on the statute book; in April 1979 the Credit Unions Act was the last act to be passed by the outgoing Labour government. Today there are about 400 credit unions in the UK with well over one million members.⁽¹⁾

Credit unions have always addressed financial exclusion, the significant numbers of the population who are unable to access legitimate sources of money to borrow, find accessible and affordable banking services or a safe place to save. The last Labour government invested in the credit union movement

furniture, clothing and holidays, which would previously only have been available by borrowing at punitive interest rates from doorstep and high street lenders or loan sharks.

However, the nature of financial exclusion has markedly changed since the first stages in credit union formation. For many their common purpose then was to assist ethnic minority, church or area-based groups to gain access to saving and borrowing products from which they were excluded or by a desire to exhibit a self-help approach within a community. More recently this financial exclusion has become somewhat more insidious; it tends to be prevalent where people do not have regular incomes, where they are in rental accommodation and where numbers dependent on a range of government benefits are perhaps higher than the norm.

Unfortunately, issues of financial exclusion have been greatly exacerbated by housing policy over the last thirty years. This country had a reasonable stock of social housing at the time that Margaret Thatcher came into power. She decided to try and privatise that housing stock by giving tenants a right to buy and at the same time making it much more difficult for local authorities to replace the social housing stock that was lost. As with virtually all the privatisations of that era any short term gains were quickly lost. Benefits that should have accrued to the whole nation instead accrued to a much smaller and generally richer few. The overall reduction in the total social housing stock means that this country now has an enormous deficit of homes that can be rented at what might be termed an "affordable rent". Around forty percent of the privatised housing stock has moved from the original tenants to private landlords ⁽²⁾. Rents in the private sector have continued to rise. Households that twenty years ago might have been paying around 15% of income on their housing costs are now paying about 40%.

The shortage of social housing stock means that local authority allocations have had to concentrate on those in greatest need, housing these very vulnerable people in the remaining social housing stock and using the now-privately rented ex social housing stock and at the same time trying to address the needs of the working age population for affordable rented accommodation in the social housing sector. The impact has been to reduce the economic and commercial diversity of communities and



Last year the Diocese of Bath and Wells, Church of England, became a corporate member via a cash injection into 'Somerset Savings and Loans', supporting the credit union movement.

through the Growth Fund, which was administered by Department of Work and Pensions. This had the effect of significantly raising the profile of credit unions as niche providers of saving and borrowing products, increasing membership, lending and helping many people to get their financial affairs in better order, as shown in the chart. Many households had help in gaining access to staples, such as domestic appliances,

increase financially excluded households in certain, often tightly defined, areas.

The benefit of the Growth Fund was in helping these communities and increasing membership and awareness. At the same time, however, it meant credit unions were labelled as “the poor man’s bank”. In some ways this has not been a disadvantage as the Growth Fund was beneficial to many credit union members in the slump following the 2007 financial crisis – ironically enough, itself largely the result of greed and incompetence in the rich men’s banks! The local democratic control, ethical stance and community focus has helped recruit additional members, with financial advice websites and the ‘Move Your Money’ campaign highlighting credit unions.

Unfortunately, though credit union members were not responsible for the slump, they, like so many other citizens, have had to suffer from spending cuts that have been inflicted on society. Many credit unions have often relied on funding from other bodies to help support local services and to provide services beyond basic savings and prudent lending, for example bill paying and budget accounts. This has made it harder working with the financially excluded as credit unions have had to use their limited surpluses to support such activities. Support still continues from some local authorities, housing associations and the like, but central support has been focused totally on moves to make credit unions self-sustaining, rather than perhaps a more sensible combination with a further Growth Fund tranche.

The self-sustaining approach might in itself seem fair, but credit unions have their interest rates capped by law and they may not charge any administrative fees. Our competitors in the store card and payday loan market escape these limits, so whilst credit unions offer so much to address financial exclusion, they do need a level playing field in which to operate (and as a movement are unable to afford a

similar lobbying budget to that of the pay-day loan industry).

Indeed, the arrival of pay-day lending into mainstream financial transactions has had a pernicious effect. Pay-day lending is, of course, a totally misleading phrase in itself as the large profits in the sector for rolling over loans demonstrates. The easy availability of funds, both on our High Streets and constantly available online (and with the internet equally quick ways to spend it), has meant two conflicting forces at work in relation to credit unions.

The first is the reaction to the widespread misery suffered by people using these pay-day loan services, with many supporting credit unions as a viable alternative. The second is that the many members coming to credit unions for support find that their credit situation is so damaged that credit unions cannot lend, since further loans would be unaffordable to the members concerned.

So into this somewhat toxic mix comes a movement wishing to do some good for members and communities. Working in partnership is a key part of the plan. The Archbishop of Canterbury, Justin Welby, has been very vocal in expressing the need to address financial exclusion and support credit unions. Dioceses have become corporate members, as have other church councils. Individual church members have invested funds and the next, very important stage is to take full advantage of their networks, in both urban and rural areas, to publicise and facilitate the services of credit unions and build on this joint working.

Another key partnership is with housing associations and those local authorities which still own their housing stock. All the housing associations are devoting significant resources to addressing financial issues amongst their residents, such as Universal Credit, lack of banking services, access to low cost loans and

the credit union sector, housing providers and local authorities. The providers’ minds are focused by the revenue issues involved, the local authorities by the threat of homelessness and credit unions by their varied member needs. It is clear that the presence of our unreformed high street banks, their lobbying power with government and lack of competition in banking, makes brand recognition for the credit union movement difficult, but not impossible.

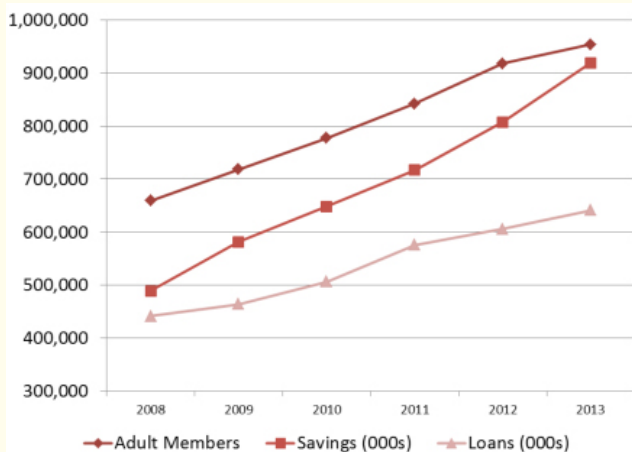
In Ireland and the USA, credit unions and credit union membership are almost taken for granted by whole swathes of the population. In this country reluctance to switch and the pretence of “free” banking make many reluctant to change, as does pressure from business to pay wages direct into bank accounts and the prevalence of discounted direct debit payments for bills. The extra costs of not being within this fall disproportionately on the financially excluded; greater credit union presence would address both issues.

There is a growing need for community cohesion; governments, local and national, seem ideologically wedded to shrinking the state - making individuals more responsible for themselves and their own communities is likely to become the political norm. In these circumstances, local initiatives will become more important, as people try to wrest control of their lives from corporations who are attempting to fill the vacuum left by the government’s withdrawal. Being able to control one’s financial services locally seems quite important within that. If that is wedded with other social enterprises, housing associations, co-operatives, charities and faith groups, a cohesive local community may then survive to the benefit of all its inhabitants.

Donald Davies studied Land Economy at Trinity (1976-79). He has worked within the logistics industry for 30 years. He is an independent county councillor and Deputy Leader of the Opposition on North Somerset Unitary Authority and also President of Somerset Savings and Loans, the county-wide credit union (3).

Donald Davies

President Somerset Savings and Loans
Trinity, 1976-1979, Land Economy.



Credit unions in England, Scotland and Wales 2008 – 2013 (using data produced by the FSA from audited annual returns (2008-2012) and unaudited quarterly returns (2013). Source: ABCUL Annual Report 2012-2013

financial literacy. Key to the housing associations and benefit reform is the issue of rental revenue. Credit unions have long worked with the private rented sector to ensure security of rent payments, especially from housing benefit, to minimise risk of both default and eviction; an expansion of that service in housing association tenants and providers to be a key service for the future.

What is preventing a coherent response is a lack of consistency from

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CULS MEMBERS: THOUGHTS AND REFLECTIONS

Giles Dobson

Bidwells' Agri Investment Index – Introduction

Our Agri Investment Index has recently been updated and this article provides a summary of the full report which is available online (www.bidwells.co.uk). The Bidwells' Agri Investment Index (BAII) tracks the investment performance of agricultural property assets throughout England, but with a strong bias towards the arable east. Unlike other indices, the BAII compares the returns from both Let and Farmed estates, thereby distinguishing between different occupation structures and their effect on investment performance. Uniquely, BAII is the only index which takes real farming profits as the income component. The report examines the recent performance of rural property investments in the context of other asset classes and considers the future prospects for the sector. For a number of years investors have realised greater returns from the rural investment property sector than virtually all other mainstream asset classes. Despite the resurgent performance of equities last year, 2013 was no exception. Our report presents a detailed profile of the investment performance of rural assets in recent years and predicts the outlook for 2014 and beyond.

Giles Dobson

Partner, Bidwells, Head of Cambridge Land and Business
Girton College, 1998-2001

The results

Agricultural land market

The strength of the UK land market is well publicised, with the RICS reporting prices up 14.3% during 2013. Our research shows that the area of farmland publicly marketed in England in 2013 was around half that marketed annually in the late 1990s. The long-term reduction in supply is even more significant, with turnover only a fraction of what it was in the 1960s.

BAII Farmed							
	2007	2008	2009	2010	2011	2012	2013
Income return	3.0%	3.9%	2.2%	2.4%	2.6%	2.4%	2.7%
Capital growth	12.3%	12.0%	11.6%	6.0%	11.8%	8.4%	13.0%
Total return	15.3%	14.9%	13.8%	8.4%	14.4%	10.8%	15.7%

BAII Let							
	2007	2008	2009	2010	2011	2012	2013
Income return	3.0%	3.7%	3.2%	2.3%	2.3%	1.9%	1.7%
Capital growth	13.6%	17.3%	14.3%	9.9%	16.2%	16.7%	16.8%
Total return	21.6%	20.2%	16.5%	12.2%	18.2%	18.6%	18.5%

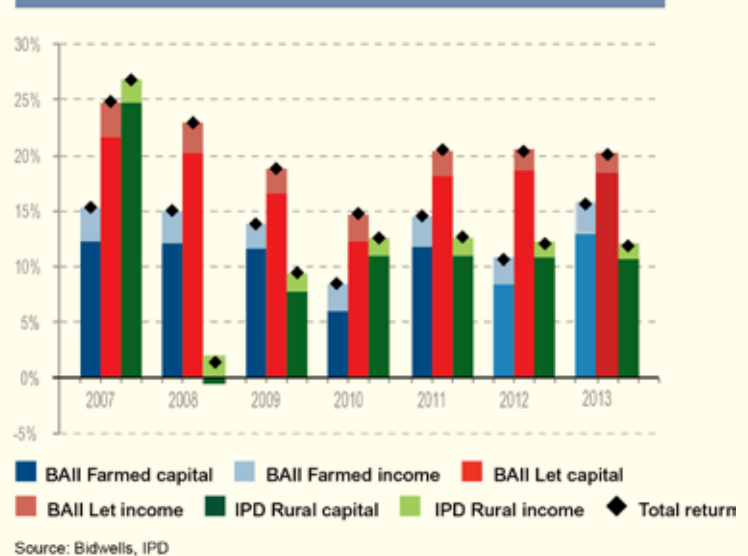
Farmed estate incomes fall

Nominal net incomes on Farmed estates fell by around 5% in 2013, when compared to 2012. This was largely due to the impact of poor weather on crop yields, although commodity prices at harvest were also lower than they had been 12 months previously.

Let estate incomes rise but yields are squeezed

Conversely, nominal net incomes on Let estates increased in 2013 by 2.5%, as the full benefit of 2012 rent reviews was felt. Those holdings under review in 2013 also saw rent rises, although individual settlements varied widely. Despite seeing increases in net incomes, disproportionate levels of capital growth depressed income returns on Let estates. In 2013, the income return realised on Let estates was 1.7% - the lowest level recorded to date.

Income return and capital growth



Farm business tenancy rents rise fastest

The trend, which has seen FBT rents increasing proportionally faster than equivalent AHA tenancy rents, continued in 2013. The disparity between AHA and FBT rents is likely to widen as the prescriptive AHA rental formula prevents landlords benefiting from the true extent of increases in farming profitability.

Limited opportunities lead to increased competition

Bidwells research suggests that in 2013 only 4,950 acres of let agricultural land were publicly marketed in the UK. This represents only 3.8% of the total area of land marketed, down from 5.7% in 2012.

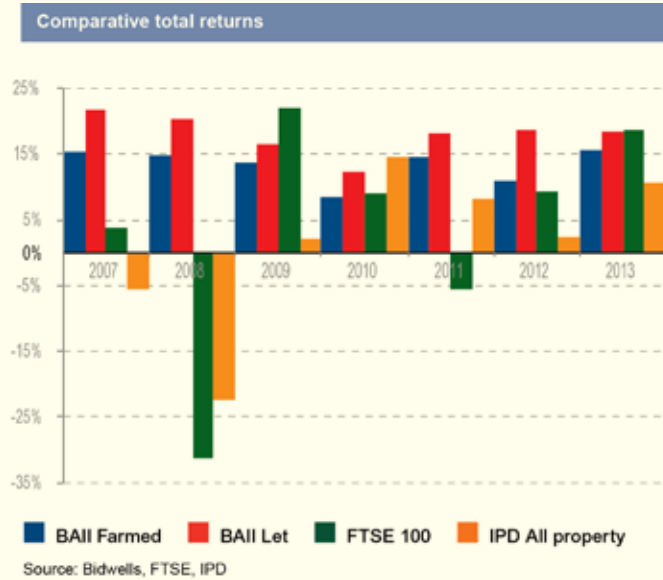
Investors seek opportunities with FBTs

Due to the seemingly more limited total return potential of an AHA farm purchase, we are increasingly seeing investors turning to vacant possession land, which can be let at a market rent under an FBT. In many cases, we have helped investors to structure 'sale and leaseback' opportunities, where a farm is purchased from an owner-occupier and immediately re-let to the vendor on a fixed term tenancy. Such deals can help the previous owner to unlock capital to expand their farming operation, while providing the opportunity for an investor to purchase a farm at less than the full vacant value, thereby securing the potential for reversionary growth.

Total return figures for the period to end 2013 (%)

	One year	Three years	Five years
BAII Let	18.5	18.4	16.8
BAII Farmed	15.7	13.7	12.6
IPD Rural	12.4	14.2	12.9
IPD Commercial (all property)	10.7	7.3	8.0
Equities	18.5	8.6	12.9
Bonds	-5.2	4.8	4.5

Source: Bidwells, FTSE, IPD, MSCI, JP Morgan, ONS



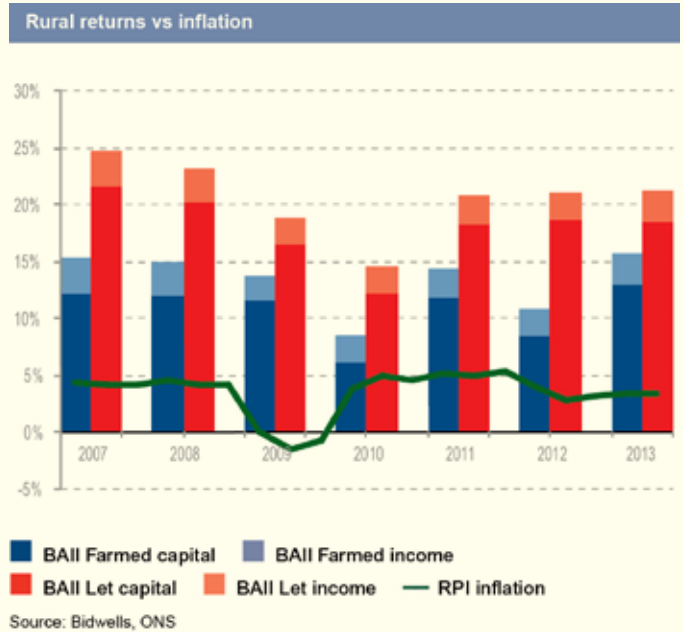
Superior rural returns

The following table sets out the returns within the BAII sample for the period to 2013, alongside those derived from other asset classes. The returns from Let estates have continued to exceed those on Farmed estates, despite higher income returns and significant increases in vacant land values.

As in previous years and over the past three and five-year horizons, rural assets have generally outperformed all other major asset classes with regard to aggregated returns. Even a resurgent stock market in 2013 - reflecting a dramatic increase in general economic performance and confidence - could only deliver a spot performance indicator which just matches the returns achieved on Let estates.

The outlook

With a superior return profile and intense investor interest for limited opportunities, strong market fundamentals and the volume and



velocity of capital allocated to the sector will ensure that agricultural values remain high with further growth assured, albeit perhaps at a more modest rate than that witnessed in recent years. Rural assets are highly diverse with regard to both their physical characteristics and their investment profiles, offering different income and capital patterns in line with their varied tenure and management structures.

Sound market fundamentals

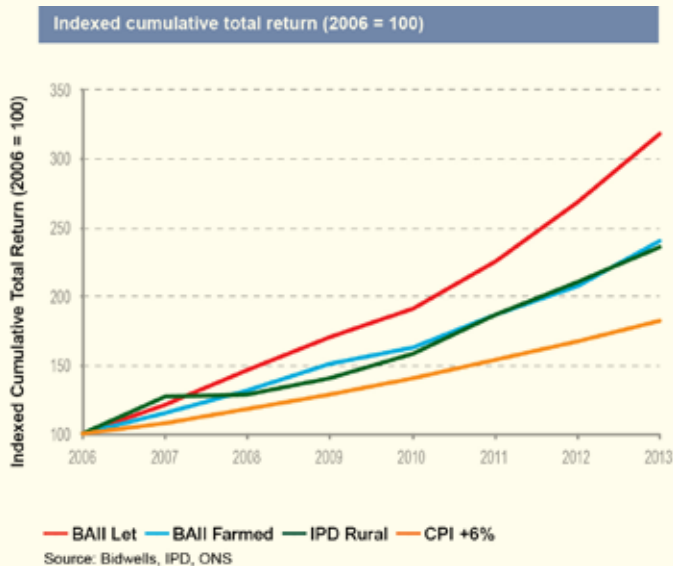
Agricultural property can provide investors with additional portfolio diversity, while generating superior risk and inflation-adjusted investment returns, but without much of the volatility and timing risk associated with many traditional asset classes and commodity groups. Unlike other property assets, agricultural land suffers negligible obsolescence and is a finite resource. Global population growth, rising personal incomes and the associated shift towards protein-rich diets, increased biofuel production, and climate change, all ultimately dictate global demand for food and fuel. When considered in the context of a finite stock of productive land and the many competing land uses in England, it is widely believed that agricultural land values will continue to rise faster than the rate of inflation.

Overall, despite barriers to entry and constraints on liquidity, Bidwells expects rural assets in the UK - most especially in the arable east - to continue to outperform in 2014/15 and beyond. Well managed assets will of course continue to offer exceptional returns.

The international context

The lack of both supply and scale is causing many institutions aware of the macro factors driving agricultural returns to look beyond the UK. Bidwells is actively involved in advising on the strategies for geographies, sectors and methods of operations. Our experience of transacting and managing farmland for many years in the UK places us in a strong position to give this advice.

Full report available online: www.bidwells.co.uk/eresearch/agri-investment-index-summer-2014



CULS MEMBERS: THOUGHTS AND REFLECTIONS

Ian Ellingham

Creative Non-Fiction: 20 years with OAA Perspectives

For many, writing seems to come as part of the post-Cambridge experience, so, as well as my 'real' projects, over the past decade I have co-authored three books, written some academic papers, and have had a long-term involvement with an unusual magazine.

Twenty years ago, I wrote my first article for OAA Perspectives, the journal of the Ontario Association of Architects, one of Canada's foremost architectural publications. I have been on the committee for ten years, and the chairman for seven - long enough not to recoil with horror when our editor calls to tell me that someone did not come through as promised, that the deadline is the day after tomorrow, and could I possibly write 1,200 words.

While the roots of OAA Perspectives extend back 125 years, over the past fifteen years it has been challenged by the pressures to which all print publications have been exposed. It was once the expected associational newsletter - full of information on upcoming conferences, who had built what where, issuance of new licenses, who was disciplined, and, inevitably, obituaries - all in glorious black and white (brown on beige in the 1970s). As full colour appeared, and our parent association started sending out e-bulletins, our editors and previous chairs recognised that change was necessary. The marketplace already had magazines replete with glossy photographs of the latest building projects, those full of wall and roof details, and academic journals. There was little point in duplication, so rather than focusing on the nature of buildings, the magazine decided to consider the nature of architects.

Globalisation has had a major impact: architects from Ontario now build all over the world, in quite a variety of roles. For example, the architectural and construction supervision of the Burj Khalifa was undertaken by NORR, a Toronto-centred architectural firm. This required a need for insights from other settings - so we recruited international correspondents. For many years 'Perspectives' served well as a name, but search engines lumped it together with seemingly endless numbers of other Perspectives magazines, so the letters OAA were added as a prefix to differentiate it. We made the magazine available on-line, and interactive (links to advertisers), and put the back issues on the website.

During my tenure as chair, we have



increasingly involved the membership in writing what is termed 'creative non-fiction', and they have responded. As a quarterly, themed magazine, we develop our subjects two years in advance - the people selling the advertising need the topics. Through the e-bulletins we solicit submissions, and people send their ideas to the editor who works with them to develop their pieces. And we ask for articles on unexpected topics. Our request for articles about architects and food generated so much material we had to publish a subsequent issue called 'Leftovers'. My favourites were the issues about personal pilgrimages and odysseys. Another request was simply for good stories. 'Travels with Sam' discussed the revelations resulting from slowly wandering around London while encumbered by a stroller and a two year-old and 'The Competition' reported on making a submission deadline in Warsaw when your office is in Toronto (they made it with two minutes to spare). Another feature explored architects as they are represented in the movies (mostly good) - and why. This was a very revealing exercise. Has a chartered surveyor ever appeared in a movie as a love interest or hero? Why or why not?

OAA Perspectives has flirted with the controversial. The committee wondered if we crossed the line asking about architects' obsessions, as about a third of the circulation goes to non-architects. One of my favourites was 'Why are (some) buildings so ugly?', which

plumbed the area of human response to design. As our associational masters frown on us criticising buildings by Canadian architects, photographs illustrating 'ugly' came from other countries. There is a nice collection of British buildings that might be considered ugly - at least by (some) people.

A recent project has been a book compilation of material from past issues. It was a fascinating exercise, with our small team working through years of editions to discover how thought about the built environment has changed over the past three decades. Some subjects of debate have come and gone, while others have persisted almost unchanged. Why was one specific issue from twenty-five years ago so popular - in it two of Canada's most prominent architects explored at length the meaning of A Vision of Britain?

Over the years, OAA Perspectives has developed its own approach to interpreting the built environment. It explores subjects rarely broached in other publications, and welcomes what can be quirky and entertaining, but also meaningful articles from real practitioners.

The next time someone from the CULS magazine contacts you - think about it. Writing creative non-fiction can be amusing and revealing - but beware, it can also be addictive.

Ian Ellingham, MPhil, PhD, FRAIC
St. Edmunds MPhil (Land Economy) 1993-1994, PhD (Architecture) 1998-2002

OAA Perspectives (current and past issues) can be found at: [www.oaa.on.ca/news & events/perspectives magazine](http://www.oaa.on.ca/news&events/perspectives-magazine)

Subscriptions and the book 100+25 Years: OAA Perspectives on a Quarter Century (2014) Ian Ellingham and Gordon Grice (editors) are available from the Ontario Association of Architects.

Another book: Whole Life Sustainability (2013) Ian Ellingham and William Fawcett, by RIBA Publishing can be obtained from the bookshop of the Royal Institute of British Architects.

Ian Ellingham has had an extensive career in development management in Canada, as well as education and teaching, and is an associate of Cambridge Architectural Research Limited.

A College reunion this summer reminded me that it was 50 years since I graduated. I spent the majority of my working life in Scotland and it is therefore predictable that I should comment on the one topic of discussion that you cannot escape at the present time. Scotland faces a pivotal decision in September on whether to separate from the rest of the UK. This referendum became inevitable after the 2010 elections to the Scottish Parliament when the National Party gained an overall majority.

Jim Fiddes

Road to Referendum

It is difficult to imagine how it has come to this when I think back to the political scene in Scotland 50 years ago. I recall British politics in the mid-sixties when the scandals of 1963 finished Macmillan and Lord Home was dramatically elevated to Prime Minister; the desperate efforts to find him a safe seat in rural Scotland; and the subsequent by-election in bucolic Perthshire where one opponent was William Rushton of Private Eye fame. The contest must have been beyond satire.

Harold Wilson ousted Sir Alec Douglas-Home in 1964 and, with the consistent help of Scots Labour MPs, governed for a full term. The SNP put up candidates in 23 constituencies and although it failed to win a seat it doubled its vote and continued to make steady progress and Winifred Ewing became a Member of Parliament in 1967. At that time there was a distinct xenophobic tendency in the party but of more significance was the enthusiasm for independence from writers, artists and musicians, also a feature of current support. When Edward Heath was defeated in March 1974 the conservative party in Scotland was badly beaten and the national Party benefitted from newly discovered North Sea Oil by returning 11 MPs to Westminster; who effectively sustained Jim Callaghan in office for 3 years from 76 to 79.

The first referendum on setting up a Scottish Assembly was under a Labour government in 1979 when, despite a 52/48 vote in favour on a turn-out of 60%, the vote fell short of the required 40% of the electorate.

Shortly afterwards the anti-devolution Conservatives won the election and it was not until 1997 that the Labour Party included establishment of a Scottish parliament in their manifesto. At that time Scotland sent no Conservative MPs to Westminster after previously having 23. The Referendum in 1997 was convincingly won by those in favour of a Scottish Parliament which would have tax varying powers.

The first Scottish Government in 1999 was a Labour/Liberal Democrat alliance, as was the second in 2003. Disillusion with Labour's performance led to the SNP being the largest party in 2007 and under the astute Alex Salmond governed without an overall majority. The Labour vote collapsed in 2011 and the SNP won an overall majority – exactly what was not supposed to happen under the Proportional Representation system of voting. As a result Scotland has spent the last 3 years immersed in this referendum campaign culminating on September 18th.

Over this hectic 50 years commercial property in

Scotland has reflected the market in the rest of the UK and from the 60s major institutions, pension funds and property companies have continued to invest in Scotland. Indeed activity in Scottish cities has consistently exceeded that in much of the rest of the UK apart from London. Aberdeen, boosted by the oil industry, continues to be a region of exceptional growth.

In the countryside the current promotion of green energy and wind farms with their effect on the landscape has led to a proliferation of Planning Inquiries and Appeals.

Since 1999 the character of the Scottish Government is reflected in the land Reform Act of 2003 which gave open access to the Countryside, established Community Right to Buy, and gave Crofting Communities a Right to Buy. This year a land Reform Review Group was formed with a remit to produce a radical shake-up of land ownership in Scotland, “changing a nation owned by a few into a country owned by many”. There is now a plan to put a Land Reform Bill to Holyrood before the 2016 election. This should provoke considerable debate!

Interestingly throughout these decades no-one has worried about who owns commercial property in towns and cities but transfer of rural land is often controversial.

This then is my personal brief and erratic ramble through the events I recall on the rise of political Nationalism over the last 50 years leading up to September's vote. Perhaps the principal reason for chronic Scottish dissatisfaction, despite the Holyrood Parliament, is the perceived concentration of political and economic influence in London. This overwhelming influence is also felt by many regions of England and I think political as well as economic efforts will be needed to modulate.

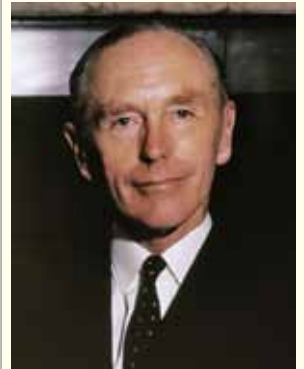
I am confident of a NO vote in September but I know that Scotland's status as a nation will ensure that it will continue to develop its unique form of independence within the United Kingdom.

Wales is looking on with interest.

But whatever the result, a future parliament will continue to be a stable and mature institution. It will certainly be expected to encourage inward investment and foster an environment favourable to commerce. Those who are concerned that Scotland's status as a location for development and investment in commercial property should be reassured. Scotland's future is bright whatever emerges post September, and at the end of the day it will remain a democratic and caring society



Jim Fiddes
Gonville and Caius, 1961-64



Sir Alec Douglas-Home
British Prime Minister 1963-1964



Alex Salmond
First Minister of Scotland

and future governments will necessarily be investment welcoming and business friendly.

Jim worked in London and Sydney, but spent most of his career with Ryden, the well-known firm of Scottish Chartered Surveyors, becoming Senior Partner from 1989 -99, upon which he continued as an independent property Consultant until retirement in 2011.

CLEAB UPDATE & EVENTS

Update from the Cambridge Land Economy Advisory Board (CLEAB)

Three years ago I wrote an article for this august publication describing our ambition to create an actively engaged group of leading individuals, to support the Department of Land Economy, from across the business landscape that relate to the Department of Land Economy's programmes and centres. Believe it or not, this group now exists and is called the Cambridge Land Economy Advisory Board ("CLEAB"). Comprised of roughly 50 individuals from across the industry (five of whom are appointed by CULS to ensure close coordination and communication between the two organisations), the objectives of CLEAB are to: (1) ensure the Department's teaching and research remain relevant to real-world business opportunities and challenges, (2) advocate for the Department in all spheres of professional life, (3) provide recruiting, marketing, career, and mentorship advice to the Department and its students and (4) provide direct and indirect financial support to the Department. Many of the members of CLEAB have not been privileged enough to have been students of the University of Cambridge (myself included), but we soldier on regardless. CLEAB is a registered charity.

As the readers of this publication well know, CULS is a membership society consisting of graduates of the Land Economy programmes, be they undergraduate or graduate programmes, as well as other University of Cambridge graduates who are involved in property-related fields.

Recognising the different objectives of the two organisations, the activities of CULS and

CLEAB should be complimentary and there are many examples where we have worked well together, which include:

- **CULS and CLEAB providing mentors, where required, to all undergraduate and graduate students in the Department. This year we jointly provided mentors for 98 Cambridge students.**
- **CLEAB supporting the 2013 "CULS Property Careers" which saw 25 companies, from a broad cross-section of the industry, and more than 140 students attend.**

Independently, CLEAB has:

- **Held a dinner in March 2014, exclusively for second year undergraduates with 15 industry leaders to provide them with guidance as to the breadth of careers open to them and how to access the opportunities that appeal to them.**
- **Hosted a number of dinner events in London with a range of interesting and sparky speakers from outside of the property industry. (Two of the dinner speeches are included in this magazine.)**
- **Provided direct financial support for the Department's trip to China in September, 2013, supported a post-lecture dinner for the Cambridge Centre for Climate Change Mitigation ("4CMR") in November 2013 and recently provided financial support to facilitate the hiring of Eva Steiner as a lecturer in the Department, and**
- **Advised the Department on the creation of a business plan and vision statement to assist CLEAB in focusing its efforts on the Department's highest priorities.**



Jon Zehner, CLEAB Chairman
Global Head of Client Capital Group,
LaSalle Investment Management

Overall, CLEAB now has a high calibre membership, significant financial resources and strong links to the University of Cambridge's leadership to assist the Department of Land Economy in strengthening its position as an interdisciplinary focal point for the University and as a leader in real estate related fields. We have much work to do to assist the Department in being all that we know it can be, but we are off to a good start. We hope that we can count on CULS' partnership in this effort for many years to come.

CLEAB Dinner Event – 13th March 2014: The Rt Hon Lord Turnbull, KCB, CVO

The Role of Property in the Financial Crisis

At the CLEAB dinner event, held at Coutts Bank on the Strand on 13th March 2013, and sponsored by RBS, The Rt Hon Lord Turnbull, KCB, CVO provided an excellent analysis of the events surrounding the Global Financial



Crisis (GFC). Lord Turnbull worked on the Parliamentary Commission on Banking Standards ("PCBS") and as a Non-Executive Director, now Senior Independent Director, of British Land. Graham Edwards, CEO of Telereal Trillium also attended the dinner and has kindly provided a synopsis of Lord Turnbull's speech.

The final report of the Parliamentary Commission on Banking Standards ("PCBS") opened with the following summary:

"Banks in the UK have failed in many respects. They have failed taxpayers, who had to bail out a number of banks including some major institutions, with a cash outlay peaking at £133 billion, equivalent to more than £2,000 for every person in the UK. They have failed many retail customers with widespread product mis-selling. They have failed their own shareholders, by delivering poor long-term returns and destroying shareholder value. They have failed in their basic function to finance economic growth, with businesses unable to obtain the loans that they need at an acceptable price."

This poses a number of questions: Is this a fair verdict? Were other players also to blame? Are the remedies appropriate?

Banks were not uniquely to blame for the financial crash. Firstly there was a major intellectual failure. A model of the financial world was taught in universities and business schools which presumed that capital markets functioned efficiently, that incentives existed to stabilize markets, that risk could be correctly priced and would be distributed in accordance with risk appetites. Almost all of these assumptions proved wrong. Rather than greater transparency, there was complication and obscurity. Financial markets were riddled with serious flaws such as major externalities, misaligned incentives, irrational herd instincts and asymmetry of information. Secondly, the

uncorrected existence of payments imbalances in the world economy created massive flows of liquidity looking for a home and banks desperately looking for ways of achieving yield. Thirdly, there was the connivance of western governments, particularly in the US and UK, who actively promoted access to credit particularly for housing, as a way of promoting the appearance of rising living standards. Fourthly, there was widespread use of inflation targeting of price indices, which were based on a narrow basket of consumer goods at a time when their prices were being held down by a glut of emerging market supply, while ignoring asset prices and underlying credit conditions. The list goes on of players who should have provided checks and balances but did not, such as regulators, auditors and rating agencies, and the property sector should perhaps be added to that list. Nevertheless, banks played a powerful role as an accelerator and transmitter of these forces, taking greater and greater risks.

Response to the Banking Crisis

Several phases can be identified in the response to this crisis. In the first phase, the emphasis was on rescue, using a variety of instruments – nationalisation, recapitalisation, assisted rescues, provision of liquidity, guarantees, and asset purchase programmes.

The second phase was to restructure the regulators. Though there was no correlation between the regulatory structure a country operated and the severity of financial collapse, UK politics dictated that the old system, i.e. the one designed by Gordon Brown, had to be replaced. Instead of a split between a monetary authority and a universal financial regulator, the FSA, a twin peaks model was adopted of a prudential regulator attached to the central bank, and a separate conduct regulator.

The third phase of the response was structural. The Independent Commission on Banking (ICB) led by Sir John Vickers was set up in June 2010 and reported its conclusions September 2011. It set itself four objectives:

1. **Make banks more resilient and better able to absorb losses, through higher capital, lower leverage, and more contingent or bail-in capital.**
2. **Make it easier and less costly to sort out banks that get into trouble by dividing them into ring fenced entities carrying out the core functions of taking deposits, supplying overdrafts and operating the payments system; while riskier investment banking activities would be kept in a different entity but still within a banking group.**
3. **Curtail incentives for excessive risk taking. In particular the ICB wanted to cut back the implicit guarantee which arises if banks and those investing in them come to believe that the banks are too big or complex to be allowed to fail.**

4. **Increase effective competition by creating a more diverse, less concentrated banking market and by making switching easier.**

The ICB's ring fencing proposal was the most controversial. The ICB rejected the solution which many people instinctively favoured, i.e. a UK version of Glass-Steagall, with full structural separation, not just internal separation between retail/commercial banking and investment banking. Many of the banks that failed were not universal banks but specialist investment banks such as Bear Stearns, Merrill Lynch and Lehman Brothers. In the UK, the banks that failed conducted little investment banking activity but were engaged in straightforward bad lending, mainly in commercial property. The other key category of failure was the ex-building societies such as Northern Rock, Alliance & Leicester and Bradford & Bingley.

There was some initial support for a version of Glass-Steagall, but with the UK government having declared in favour of ring fencing and the EU working on its own version following the Likanen Report, the PCBS endorsed the ring fencing scheme rather than reopen the whole issue. However, the PCBS took the view that banks are limitlessly ingenious and are relentless lobbyists who have a long history of gaming the rules. There needed to be strong safeguards, which came to be known as "electrification" of the ring fence. The PCBS demanded that there should be reserve powers, in addition to independent governance and separate capitalisation. Any bank found to be breaching the ring fence, e.g. using its resources to fund its investment banking activities, could be required to separate off the non-core functions.

The debate then moved on to more limited restrictions on proprietary trading, the so-called Volcker Rule. Both the ICB and the UK government, and eventually the PCBS, decided not to pursue this in the UK for the time being. The challenge is to find a workable rule to determine whether a transaction is a proprietary trade of the bank, as opposed to a transaction concluded on behalf of a customer or by the bank as a consequence of providing the customer with a hedge. Most UK banks have already significantly cut back their proprietary trading.

The ICB's fourth objective was to increase effective competition by creating a more diverse, less concentrated banking market and by making switching easier. This argument is still rumbling on. Before the divestments of branches by RBS and Lloyds demanded by the EU have even taken place, there are proposals that the five major banks should be further broken up.

The debate was dominated by structural issues until the summer of 2012, when the climate changed, with an accumulation of behavioural issues, to which the survivors of the financial crisis such as JP Morgan, HSBC and

Standard Chartered, were not immune. Week by week there were reports of:

- **Widespread mis-selling of products such as PPI and interest rate swaps;**
- **Mis-selling of complex mortgage securities;**
- **Rogue trading;**
- **Aggressive tax planning;**
- **Money laundering and sanctions busting;**
- **And then the straw which broke the camel's back, LIBOR fixing (similar accusations are now being made about foreign exchange markets).**

At this point, the patience of politicians snapped and the focus moved to an agenda concerned with behaviour, standards and culture. The PCBS, comprised of five MPs and five peers, was created to investigate this. Its findings can be summarised as follows:

- **A lack of personal accountability. The Approved Persons Regime ("APR") was found wanting as it served only to control entry into senior posts but was ineffective in influencing conduct and in enforcing standards. During the crisis only one senior banker was fined. No action has been taken against any CEO.**
- **Remuneration, which was widely perceived as excessive and incentivising poor behaviour.**
- **An erosion of professional standards and a decline in the status of chartered bankers**
- **A loss of customer focus.**

Anthony Salz was asked by Barclays to review its culture. He found a culture which "favoured transactions over relationships, the short-term over sustainability, the financial over other business purposes, and pay structures which gave the message that the bank valued revenue over customer service."

Pretty much the same could be said of the other banks. An extensive agenda has been set out to rectify this:

- **A Senior Persons Regime to replace the Approved Persons Regime which will define responsibilities and hence create a chain of accountability. This will make it easier to identify responsibility and therefore to sanction or disqualify poorly performing executives. This seeks to eliminate the Macavity defence of "I didn't know or I wasn't there".**
- **A new body created by the banks and led by Sir Richard Lambert to promote a code of standards.**
- **A new criminal offence of reckless conduct to be applied where a bank has failed and required state assistance.**
- **A tougher remuneration code requiring a larger proportion to be deferred and for longer, plus a power for the regulator to claw back remuneration which has already vested where a bank fails and requires state support.**

Property and the Crisis

The PCBS received evidence (for example from Professor Charles Goodhart), that property has

CLEAB UPDATE & EVENTS

been at the heart of the last three banking crises in this country. The failures of RBS, HBOS, and the ex-building societies owed more to old fashioned bad lending than to proprietary trading and structured credit.

Property, especially commercial property, has some special characteristics. It resembles a long-dated bond where a small change in yield will produce a big change in capital value. Take a quoted property company with a Gross Asset Value (GAV) of £10 billion, an Loan to Value (LTV) of 40 percent, a Net Asset Value (NAV) of £6 billion, a yield of 5.5% and an operating profit of say £250 million. A 200bps shift in yield following a rise in long-term interest rates, affects operating profit by only a few tens of millions, but reduces GAV by £3 billion. However, property is not only inherently highly geared, it is also frequently heavily funded by debt, further gearing investors' results (in the case of this example, the company's NAV halves). The supply of property is very small relative to the stock, exacerbated in the UK

by planning restrictions. As property demand rises, the impact is felt largely on the price of existing property, rather than stimulating more supply as would be the case in the market for manufactured goods. Together these factors result in a strongly pro-cyclical market. An increase in credit pushes prices up, which lowers LTVs and creates more headroom to take on more credit. The longer the boom continued, the longer since the last default and the safer property looked. The ICB discovered that risk weights in banks actually fell between 2004 and 2008. Then there is the illusion of secured lending. When property prices fall and assets need to be sold, liquidity dries up and properties can be virtually unsellable. Finally there is the conflicted position of property professionals. Many of them work either for property owners/developers, or for banks, or for the agencies. Unlike auditors, the agencies are external but not independent. They are frequently the sponsors of many deals as well as being the valuers. Property, like fire, is both useful and

dangerous but the language of property may be contrasted with the vocabulary and culture of other disciplines.

In chemistry, labs are plastered with yellow and black signs warning of hazardous substances. In physics the dangers of electricity and nuclear contamination are clearly identified. Engineering students study stresses and pressures. And medical students have concerns about infection, contamination, isolation and sterilisation drummed in to them. By contrast the vocabulary of property is comforting: safe as houses, bricks and mortar, secured lending, capital appreciation.

So the challenge to the Department of Land Economy is this – in the professional training it offers, does it adequately teach students the true nature of property, the care needed in handling it, and the need for robust checks and balances?

Real Estate and the Banking Crisis

Robert Peto, Chairman, DTZ Investment Management Ltd, was a guest at the CLEAB dinner event held on 13th March, during which Lord Turnbull spoke on the role of property in the financial crisis. The following article by Robert is in response to the evening's discussion.



I left Cambridge in 1971 and started my training as a chartered surveyor in the same year. I have had experience from the inside of three major UK property crashes (1973 – 76; 1990 – 93; 2007 – ?). These were related to economic/financial crises resulting from mismanagement of economies and financial institutions, but the common theme is that in all the cases real estate played a pivotal role.

It has never ceased to amaze me that politicians and financial regulators have failed again and again to understand that real estate is an integral part of the economic and financial fabric of society, has looped impacts on both and that if the real estate market becomes unbalanced it has the potential for massive destabilisation.

Alan Greenspan (Chairman of the U.S. Federal Reserve, 1987 to 2006) must be singled out as one of the financial leaders who preferred to have a strategy for dealing with a bubble burst rather than preventing it occurring in the first place. (See Greenspan's paper "Risk and Uncertainty in Monetary Policy" 2004 where he said "There appears to be enough evidence, at least tentatively, to conclude that our strategy of addressing the bubble's consequences rather than the bubble itself has been successful. Despite the stock-market plunge, terrorist attacks, corporate scandals, and wars in Afghanistan and Iraq, we experienced an exceptionally mild recession - even milder than that of a decade earlier. As I discuss later, much of the ability of the U.S. economy to absorb these sequences of shocks resulted from notably improved

structural flexibility. But highly aggressive monetary ease was doubtless also a significant contributor to stability.")

There is no doubt in my mind that a highly aggressive monetary stance was appropriate in the short term to deal with the stock market technology bubble crash and market turmoil resulting from the 9/11 terrorist attack in 2001, but the failure to reverse this stance as the asset bubble risk moved from technology stocks to real estate from 2002 through 2006 was a major misjudgement. Unfortunately, monetary and financial policy mistakes occurred at the same time as other factors, related to the structure and culture of banking institutions and real estate firms, were developing in a detrimental way.

Lord Turnbull's article in this issue of the CULS magazine covers the causes of the Global Financial Crisis (GFC) and the current attempts at preventing a recurrence through regulation, both of banking structures/capital requirements and culture/remuneration/liability. He also points out that the real estate industry and related professions are not innocent and he throws down the gauntlet to the Department of Land Economy to ensure that students are adequately taught about "the true nature of property, the care needed in handling it, and the need for robust checks and balances". I whole heartedly support his challenge, but education alone is not the whole answer.

He specifically refers to two issues – the pro-cyclical nature of the market and conflicts of interest.

Pro-cyclical

The structure and operation of the property market is inherently geared to promote cyclical volatility for three reasons. The first is that the supply response to shortages of space is inevitably slow resulting in the London bus syndrome – one hour's wait and then three come along together! The second is that property lends itself to the use of leverage which, as Lord Turnbull points out, leads to increased volatility in equity values and an increase in the temptation to ride the upward wave. The third is the use of Market Value as one of the major inputs in determining loan amounts.

The provision of an opinion of Market Value is pricing in the absence of a transaction. Valuers are score keepers not market players/makers. They interpret market evidence and sentiment to arrive at a "price". Where loose credit is driving the market leading to rising prices, valuers

report this through higher market values. This leads to increased lending ability, even if Loan to Value (LTV) ratios stay the same. The situation was of course compounded in 2002-2007 by increasing LTVs at the same time as prices were rising.

Many of you will be aware of the excellent work of a group of leading participants in the real estate debt markets, lead by Nick Scarles (Group Finance Director of the Grosvenor Group Ltd) and supported by the IPF. They produced in May this year a document entitled "A Vision for Real Estate Finance in the UK" with the sub title "Recommendations for reducing the risk of damage to the financial system from the next commercial real estate market crash". This resulted from a consultation document produced in October 2013.

They made seven recommendations grouped under three headings as follows:

- **Information, analysis and expertise: 1. Create a loan database; 2. Improve expertise and insight for the regulator; 3. Create specialist CRE (commercial real estate) finance qualifications.**
- **Incentives: 4. Use long-term value measures for risk management; 5. Provide better risk differentiation in regulatory requirements.**
- **A Market Structured for Stability: 6. Encourage diversity in lending organisations; 7. Introduce regulatory governors, not switches, operating consistently across the cycle.**

These recommendations are being closely studied within the Bank of England and Andrew Haldane (now Chief Economist, previously Executive Director for Financial Stability) expressed an interest in valuation issues, including long term values, in a published speech last December.

Personally, I am supportive of all the recommendations, although I have issues about the practicality of developing a consistent Long Term Value definition and methodology relevant at the individual asset level, but I am sure that the RICS and the valuation profession will engage in the upcoming debate and research in a constructive and open-minded way.

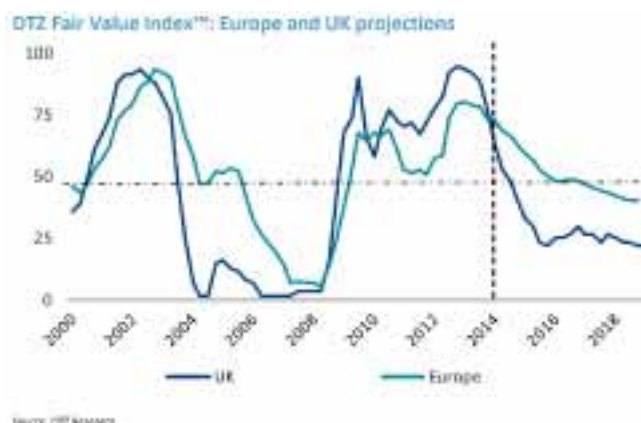
In principle, the idea of developing and using a Long Term Value at the individual asset level as a means of determining the amount of regulatory capital required makes a great deal of sense. If market values start to rise above the long term trend line, then additional capital will be required. This would be the base for automatic self regulatory adjustments which fits in with 'Recommendation 7', above. However, it can only work if banks are required to have proper centralised databases of their loan portfolios as per 'Recommendation 1'.

It will take time to implement fully all the recommendations, but for me the "easy win" is to implement Recommendation 2 immediately. This says: "The regulator should have access to expert interpretation and analysis of market information, particularly to give it insight into where in the cycle the overall market and individual market segments are likely to be at any particular moment Expertise and insight from market participants and external experts should supplement and complement a well-resourced pool of CRE finance expertise within the regulator."

One of the important views expressed in the report was the belief that it is impossible to predict the top or bottom of a cycle – "*reliably predicting when a property crash will happen is impossible. If a bubble is irrational overvaluation, there is no reliable, rational way to predict when it will burst.*" I could not agree more and so the authors refer to the need to establish only which phase of the market cycle is applicable at any time.

The tools to do this are already available. Most property research houses and advisory firms have their own approaches. DTZ Research has developed and published its Fair Value analyses for some years. This is not without its own issues but it is worth looking at the latest output for Europe and the UK produced in April 2014 (UK Fair Value Q1 2014: Repricing is removing value from market).

I will not spend time on the methodology, but readings between 45



and 55 indicate that current average pricing reflects fair value on a forward looking basis, figures above 55 indicate good value, and figures below 45 indicate poor value i.e. over pricing.

If I was the regulator, I would be putting my hands in my pocket to make sure that I had not left the yellow card in the dressing room, particularly when it is clear from other research that the availability of CRE debt finance from alternative lenders (insurance companies, debt funds and private equity), in addition to a recovering core banking sector, has increased so dramatically in the last 24 months.

DTZ Research "Net Debt Funding Gap" report (19 May 2014) indicates that while Europe as a whole has a net debt funding gap of EUR 36 billion, the UK, Germany and France have a net funding surplus of EUR 45 billion. The implications are already evident in tightening margins and expanding sector/geography acceptability.

Conflicts of Interest

Lord Turnbull points an accusatory finger at the structure of the CRE advisory sector and in particular "...the agencies are external and not independent. They are frequently the sponsors of many deals as well as being the valuers".

RICS Regulations require members to minimise the risk of conflicts, but certainly to ensure that all parties are aware of any actual or perceived conflict and accept the position subject to agreed safeguards. It is difficult for a non monopolistic professional body to impose absolute rules on its members. If regulators and users of valuation services feel that there is a real issue here then it would be simple to require all banks to have valuations provided by a firm not involved in the relevant transaction.

It is interesting to note that the IPF Report referred to above made no mention of conflicts of interest as an issue and dealt with the matter implicitly by suggesting that all lending institutions should be required to have properly qualified and experienced professionals on their lending teams and credit committees (See 'Recommendation 3'); to which I would add the requirement that these teams are not rewarded for increasing their loan book to meet short term targets. (The views expressed are personal.)

Robert H H Peto MA (Cantab) FRICS

Past President, RICS

Chairman, DTZ Investment Management Ltd

CLEAB UPDATE & EVENTS

The Crash of 2008 Causes, Consequences and Counsel

Sir Paul Judge was a guest at the CLEAB dinner event held on 13th March, during which Lord Turnbull spoke on the role of property in the financial crisis. The following commentary by Sir Paul Judge is in response to the evening's discussion.

I believe that many of the reasons for the financial crisis can be laid at the feet of governments and their regulators, both national and international. As Adair Turner, Chairman of the UK Financial Services Authority, said at Mansion House in September 2009: "It is possible to overstate the importance of bonus structures in the origins of the crisis: they were, I believe, much less important than huge failures in capital adequacy and liquidity regulation."

Banking was invented by the Italians more than 500 years ago. The basics are not difficult. There are three key principles: a capital ratio of 10%, plenty of liquidity and nothing off balance sheet. The US and UK lost the plot on all three of these.

There were four key stages in the US leading up to the financial crisis, all of them decisions of government.

Firstly, the key reason for the collapse was the effect of the US sub-prime mortgage bubble. This resulted from the decision in 1994, 14 years before, of President Clinton and his Housing Secretary, Henry Cisneros, to coerce banks to provide more mortgages to the disadvantaged. By 2007 there were about 10 million houses with an average mortgage of about \$250,000, a total liability of \$2,500 billion.

Secondly, in 1998, Citibank bought Travellers Insurance. Following \$200 million of lobbying by the US financial services industry this led to the repeal of the 1933 Glass-Steagall Act. An acquisitions frenzy followed, essentially none of which added shareholder value.

Thirdly, following the 2000 dot-com crash and 9/11, artificially low interest rates were introduced by Alan Greenspan. Low returns on traditional investments pushed investors to take bigger risks to get better returns. Low borrowing rates attracted families who were seduced by the new possibility of acquiring housing and other assets.

Fourthly, in 2004 an SEC rule change allowed the five great investment banks to at least double their leverage: Lehman Brothers, Bear Stearns, Morgan Stanley, Merrill Lynch, Goldman Sachs. In some

cases capital ratios were allowed of only 2.5%. Putting \$40 at risk for every dollar of capital. This meant that when Lehman's assets dropped in value there was no cushion.

In the UK we did not have a Glass-Steagall Act. However, traditionally our retail banks were conservatively controlled, usually by descendants of their founders. The investment banks were partnerships and were also prudent as they were risking their own money and not that of shareholders. This changed in the late 1980's onwards as retail banks bought investment banks and stockbrokers.

In the UK, regulatory reporting was introduced in 1974. Returns had about 150 entries. George Blunden, the Deputy Governor, opined "I confess that I fear we are in danger of becoming excessively complicated and we may miss the wood from the trees." The regulatory bodies responsible for supervision were reorganised in 1997 with the loss of a lot of experience. Today banks have to report about 7,500 cells of data, a 50-fold increase.

The second area of regulatory difficulty is the legislation stemming from the EU and the third area is the Basel accords. Basel 1 was a fairly simple document of 30 pages. Basel 2 was 317 pages and Basel 3 currently stands at over 600 pages.

Who guards the guardians? We need to go back to first principles. We must turn back from thinking that even more rules will help to make the situation better.

Free enterprise is about operating within the legal framework. If this is based on broad principles then companies have to make a judgement about what is reasonable. As more precision is added the line becomes clearer and easier to get close to. Shareholders will want management to expand the business in whatever way is legal. More precise regulation moves the responsibility from the regulated to the regulator.

I would therefore conclude by reminding all of you that "The road to hell is paved with good intentions". Beware the law of unintended consequences.

I think there are three principles which need to be understood:

- **Do not allow politicisation of regulation for a purpose for which it is not intended.**
- **If you set a limit, expect companies to get very close to it.**
- **Beware of moving responsibility from the regulated to the regulator.**

Sir Paul Judge

President, Institute of Marketing
CULS Honorary Vice-President

CLEAB Dinner Event – 20th November 2013: The Rt Hon Lord Hannay of Chiswick, GCMG, CH Britain in Europe: The Way Ahead

The Rt Hon Lord Hannay of Chiswick, GCMG, CH spoke at the CLEAB dinner event, held at the Savile Club, London, on 20th November 2013. The dinner was kindly sponsored by Capital & Counties.

The subject of the talk is a challenging one, not just because everything to do with policy towards Europe is highly contentious in this country, but also because of the thickness of the fog which obscures the future course of the European Union itself as well as Britain's policy towards it. This is not just another case of "fog in the Channel: continent isolated". The fog is every bit as thick across the Channel as it is here. Will the Eurozone survive with its present membership, adding to that membership from time to time as other member

states qualify? Will the greater economic integration that the survival of the Eurozone undoubtedly needs be agreed; and will it require no more than action within the present treaties, together with, perhaps, some modest tweaks to their provisions, as has been the case so far, or will it require some more fundamental and more wide-ranging revision of those treaties? What will be the consequences of the highly probable steep increase in the size of the present vote for anti-Euro and, in some cases, anti-EU parties in next year's European Parliament

elections? Will the sort of reforms the European Union certainly needs push it in a more federalist direction; or will they be accomplished largely within the existing treaties? Will it prove possible to make a reality of the principle of subsidiarity which provides that the Union should only act when action at a national or regional level cannot better achieve the objectives than EU legislation? Will national parliaments gain a greater say in shaping European Union policy? All these, and many more, fundamental questions are in the air, but are as

yet unsettled; and the answers to them will have important implications for our own debate and our own efforts to shape our future relationship within the Union, or conceivably outside it.

The fog on this side of the Channel is every bit as thick and the list of so far unanswered questions every bit as daunting. Will there be an in/out referendum in 2017? Or will a referendum only take place, as the law currently provides, if and when there is a significant transfer of powers to Brussels which the government of the day is ready to accept? What kind of approach to European policy will whatever British government takes office after the 2015 general election adopt? Will it seek to promote a positive reform agenda for the European Union as a whole? Or will it seek to repatriate to the UK alone a list of powers currently exercised at EU level? Will it promote reforms and changes within the existing treaty provisions; or will it seek treaty changes which would require not only the agreement of all the other member states but ratification by them, in some cases necessitating a referendum? The answers to those questions will be fundamental to the prospects of success, and thus to the chances of Britain's membership emerging from the period ahead strengthened or conceivably brought to an end.

Let us look first at the possible answers to the wider European list of questions. We should have no illusions about where most countries' priorities will lie; that will be in shoring up the structures of the Eurozone and protecting it against a recurrence of the crises of the last few years. And that priority is one which, I would suggest, we should not, in our own interest, seek to challenge. The consequences of a break-up of the Eurozone would be seriously damaging for our own economy; and it is a delusion to suppose that that could occur without collateral damage to the single market whose preservation and indeed whose completion is so fundamentally in our interest. It will, naturally, be important to ensure that those outside the Eurozone do not get marginalised in decision-making on single market issues and the process of achieving that has been begun in the context of the negotiations over banking Union. The European Union has a good deal of experience in operating what is called variable geometry over euro membership, over Schengen, over justice and home affairs legislation - and it should be possible to achieve an extension of that approach to these areas of economic integration. But it will be more easily done if we do not appear to question the survivability of the Eurozone and if we enlist the support of the Commission whose interest also will be in the integrity of the Single Market and the autonomy of the decision-making capacity of the EU as a whole.

It is certainly too soon to predict with any precision the outcome of the European Parliament elections in May 2014; but it is high time that we faced up to the probability of a larger than ever before protest vote in many member states for an array of parties ranging from the clearly neo-fascist

to the more straightforwardly populist nationalists. That will be a shock to the system if and when it comes. It may not however make that much of a difference to the decision-making processes of the Parliament since it could well result in even closer cooperation and consensus-building between the three main party groups - the Christian Democrats, the Socialists and the Liberals. If it does that, the Conservative members from this country, the only one of our three main parties not belonging to one of those groups will need to consider carefully again their links with those groups or risk being further marginalised and finding themselves in unsavoury company. But a large protest vote is likely to concentrate the minds of the governments who make up the Council and who have to agree to and obtain national ratification for any treaty changes. It would be reasonable to suppose that such developments would make them more conscious and more interested in ensuring that their national parliaments play a larger role in shaping European legislation. How will all this affect the debate within the European Union on whether to pursue a policy-based reform agenda or an institution-based one, or indeed over whether or not reform is needed at all? The last option can perhaps be rapidly dismissed. Not only can no organisation like the EU afford simply to stand still, least of all in the face of the many challenges it is up against, but the survival of the Eurozone is incompatible with such a policy. As to the main choice, there is certainly a huge policy based agenda waiting for decisive action - completing the Single Market, particularly in services and energy, building a digital level playing field, pursuing enlargement in the Balkans and beyond, pushing forward freer and fairer trade both through bilateral agreements such as those being negotiated with the US, Canada, Japan and India and through a revival of the WTO's global process, finding more effective responses to the challenge of climate change, making the Common Foreign and Security policy work better, and finding ways of cooperating on defence in an era of austerity budgets and one where the US is expecting Europe to take more of the burden in its own neighbourhood. Much of that agenda is essential if Europe is to remain sufficiently competitive and flexible in the world we face; that means it is essential to the prosperity of both Eurozone and non-Eurozone countries alike, and certainly part of any viable Eurozone policy for survival. An institutions-based agenda is not without its powerful supporters but they seem, to me at least, to be swimming against the current of the times. Not only have there been too many institution-based packages since the Single European Act and Maastricht laid some of the main foundations of the present variable geometry Union we have; but the appetite for passing more decision making powers to Brussels is on the wane and the contradiction between that and paying proper respect to the treaty-based principles of subsidiarity and proportionality is evident. No doubt the debate on these two broad choices at European Councils

where these matters will be decided will be lively. Britain surely needs to be part of that debate, not standing on the side-lines, merely asking for more British exceptionalism.

I make no apology for turning back to Britain's role in all this. Whoever forms a government after the 2015 election will need to take proper account of the views and priorities of the 27 other member states without whom nothing can be agreed, if we are not to risk simply embarking on negotiations which are little more than a prelude to exit, an approach which I fear would gladden the hearts of many Eurosceptics but not one, I would suggest, that is consistent with Britain's fundamental national interests. To have any chance of success, the government of that day will need a positive, policy-based reform agenda of its own which addresses the challenges confronting the European Union as a whole, as well as those which attract the most attention of a Eurosceptic press and Eurosceptic back-benchers here. That does not mean for one moment that we should be shy of pressing for reform of the Working Time Directive or indeed of any other piece of European legislation which we believe is having aberrant results. It does not mean that we should not be trying to make the practice of subsidiarity more effective, for example by getting the Commission to agree to longer time limits for submitting Reasoned Opinions and to withdrawing and re-thinking any proposal which attracts the yellow card of one third of the parliaments of the member states. It does not mean that we should eschew making special arrangements for the UK in any new legislation coming forward if that can be justified by evidence, not just by ideological assertion. But we should be cautious indeed about heading down any road that requires treaty change to be implemented. And we should stop tilting at windmills such as the treaty's preamble reference to an "ever closer union"; for one thing it called for our ever closer union among the peoples of Europe, not their governments; for another it has never been and could never be a legal base for decision-making - that is not what preambles are for.

I am less than convinced of the case for holding an in/out referendum at a fixed date in the future, which owes more to the vagaries and pressures of our own electoral timetable than it does to any wider European perspectives. Britain's membership of the EU is too important a matter to play Russian roulette with in this way. But, irrespective of what I as an individual, independent back-bencher may think, there surely is an unanswerable case for improving the quantity and quality of our debates about Europe. And there must too be a case for the public debate to escape from the hyperbole of the tabloid press - quite often outright lies - and to address these important issues in a measured and responsible manner. Only then will Britain's continued membership be properly rooted and will we avoid that sleep-walking towards the exit of which some have warned.

MEMBERSHIP

CULS Membership – Extending The Benefits

In all likelihood you are reading this because you are a member of this excellent Society. And as a member you may well have also enjoyed attending some of the events described and reported in this magazine and you may also be a mentor to a student in the Department of Land Economy. If so, we do hope you agree that the benefits of membership are diverse and worthwhile. However, you may be one of the significant minority who have not attended any of our events and presently have a somewhat detached relationship with the Society.

Our Committee has gathered a small group to spend some time working on a strategy to improve the experience and benefits of being a member. The group has been asked to explore how we can best recruit and retain members, which entails seeking to improve our “offer” to existing members as well as securing an increase in numbers and getting more of those members to stick their head above the parapet. This is not an arms race for numbers. We are not in competition with the other alumni associations. But we are the biggest and the best of course. A desire for an increase in numbers is, at its core, a desire to maximise the benefits and outputs of the Society; to provide a beneficial social environment for the members, to provide an informative, interesting and thought provoking programme and most importantly to support the staff and students in the Department of Land Economy.

The majority of what the Society already achieves is thanks to the commitment of a relatively small core of volunteers, mostly Committee members but not exclusively. But the Society does carry a number of administrative overheads. Much of the cost of running the Society is met through the sponsorship generated by the varied events that are put on over the course of a year. In an ideal world, income from membership

would be the best way to provide the working capital for the Society.

Whilst our overall headline membership has grown by almost a third in recent years to in excess of 1,100, this has been somewhat driven by the non-fee-paying student membership. Fee-paying membership has itself shown steady progress but we are anxious to improve on this over the next few years. A good way to do this, it would seem, is to do a better job of retaining members and/or converting free student members to full-paying ones, especially those living/working in the regions of the UK and overseas. We recognise that our events are almost entirely London-centric and your Committee is keen to address this - the problem being that it is hard to create regional events which will attract sufficient critical mass from members to make them worthwhile. As members, you are invited to comment on your perceptions of the Society and what you think could be done to draw you in to a closer relationship with it. We will be conducting a survey of the membership this year and I would urge you to take part in due course.

Some of the ideas we are working on include a greater UK regional presence for the Society and a more formal structure for our increasing proportion of overseas members. Indeed, there has been strong interest at the prospect of an Asia-Pacific Forum within the Society, more news on which is within this Magazine and further news will, we hope, follow later this year. I personally will also be exploring the potential for reciprocal rights for our members with other alumni organisations. The concept of reciprocal rights is familiar to members of

London's social clubs (think Savile, Oriental, Oxford & Cambridge etc) but would be new to CULS. The idea is that overseas CULS members would benefit from invitations and discounted rates to events hosted by a locally based alumni group with their members receiving equal treatment and benefits from CULS if in the UK. If any CULS members are also members of other alumni groups (mainland Europe, US and China in particular) I would be pleased to receive some help in exploring this further.

As a rule of thumb, if we could double the membership numbers the basic fixed costs of running the Society could be met from the income generated by the annual membership fee, with the income from events being profit for distribution to our worthy cause. All this needs is for each current member to identify and persuade one friend to join. In fact, you don't need to even do that, you can simply tip me off and I will do the sweet talking. Do have a think about who you know that is eligible and contact me at paul.clark3@capita.co.uk or on 07557 748550 (for eligibility criteria please refer to www.culandsoc.com)

Paul Clark MPhil (Cantab) MRTPI MRICS,
CULS Hon Membership Secretary



Steady growth in CULS Membership 2011-2014

A Message from the Alumni Relations Team

Cambridge is privileged to have a remarkable network of alumni across the globe, acting as advocates, ambassadors and supporters of the University.

The Alumni Relations team forms part of the University's Development and Alumni Relations office. Its role is to ensure that alumni are well-informed about the development of the University and to foster in them a continuing commitment to the advancement, welfare and interests of the University.

A key part of the Alumni Relations team's remit is working with the 435 (and growing) volunteer-led alumni groups based in over 100 countries, which is believed to be the widest reaching network of any University in the world. There are alumni groups in major international cities such as London and Hong

Kong, with well-established committees arranging annual programmes of events and initiatives ranging from black tie balls and local Varsity boat races to student bursaries and mentoring programmes for recent graduates and future alumni. Some groups have over 500 members, but an alumni group can also be an individual alumnus or alumna acting as a local contact and host in a far-flung town where alumni group gatherings are much smaller, but equally welcome, events. Not all alumni groups are geographically based. Some are based around shared interests. This could be anything from membership of a student club, society or College to a keen interest in motorbikes or the energy sector. Unless directly part of another organisation such as a student society or College, the groups are legally and

financially independent from the University, though the Alumni Relations team is keen to provide plenty of services and support to help them thrive.

To help groups share ideas, networks and best practice, the Alumni Relations team organises regular alumni group leaders' conferences and get-togethers, in the UK and overseas. Group leaders receive a monthly update containing news, tips and resources from the Alumni Relations team. The team can also arrange for targeted mailings to be forwarded to the wider alumni population on behalf of alumni groups to help publicise initiatives and recruit new members. A directory of all alumni groups is published annually and sent to all overseas alumni. It is accompanied by an online directory on which each group has its own



50:50 Appeal – Update

CULS/Department of Land Economy 50:50 Appeal: Reinstating the Denman Lecture Series

The CULS 50:50 appeal has begun achieving some real successes thanks to support from donors so far. One big success so far, thanks to direct sponsorship from Savills, is also a date for your diary. On the 27th November 2014, Dame Fiona Reynolds will be speaking to an audience of CULS members, students and staff at the first in the reinstated Denman Lecture series.

The Denman Lecture was established in 1979, named after Donald Denman, the founder of Land Economy (both the department in Cambridge, and the subject itself). It typically hosted leading academics in the fields of Real Estate, the Environment, Economics and Planning, attracting speakers from around the world.

The series ran annually until 1998, and attracted prominent speakers including Patsy Healey OBE (one of the most influential British town planners of the 1990's and 2000's), Kym Anderson (a Australian economist and leading name in the World Trade Organisation and trade policy), David Pearce OBE (an early pioneer of environmental economics), and David Harvey FBA (one of the most cited authors in the humanities and key figure in the development of modern geography).

Having spoken in 1997 at one of the last Denman lectures, Dame Fiona Reynolds provides both a link to the past series and a fantastic opening to the new series. She is currently Master of Emmanuel College, and was Director General of the National Trust from 2001-12. She is also a non-executive director of the BBC and Wessex Water. She held the position of Director of the Women's Unit in the Cabinet Office, and held Directorships of the Campaign to Protect Rural England and Council for National Parks.



Dame Fiona Reynolds

Molly Peoples
Alumni Relations Manager, Development and Alumni Relations

page (www.alumni.cam.ac.uk/get-involved/find-a-group).

As there is also a thriving network of student groups around the world, the Alumni Relations team also facilitates the Cambridge Alumni Student Network (CamSAN) to foster stronger relationships between current students and alumni. Many students engage with the Alumni Relations team before arriving at Cambridge as the team helps facilitate and promote a series of over 50 volunteer-led alumni group welcome events in students' home towns. Alumni groups organise and run the events to welcome and assist students, visiting scholars and postdoctoral researchers before they leave for Cambridge.

The Alumni Relations team and CULS have been working together for many years. The Alumni Relations office has provided a range of support, from helping to secure speakers for events to creating a new group identifier. The office is keen to continue to provide support. Please do visit the website at www.alumni.cam.ac.uk to find out more or get in touch at networks@admin.cam.ac.uk.

The event itself will be in the Riley Auditorium at Clare College starting at 6.30, and followed by a reception with drinks and canapés in the Garden Room. We hope the event will attract around 150 people.

While this is a real success in the 50:50 appeal so far, we are still working on further fundraising items for the appeal, including support for PhD studentships and contributions to the new Department building. In particular we are looking to establish a similar version of the Denman Lecture for a high achieving student to speak at (which still remains open to direct sponsorship). More details of the appeal are on the CULS website at www.culandsoc.com/appeal.

Joseph Poore, MPhil Land Economy, Downing, 2006-2010

Denman Lecture Series – Past Speakers and Subjects

1979 J.F. Garner	Environmental impact statements in the United States and Britain
1980 J. Marquand	Measuring the effects and costs of regional incentives policy
1981 J.D. Steward	The Dilemma of central-local relation
1982 J.P.W.B Mc Auslan	Law, market and plan in 1980's
1983 J. Kay	The future of local government finance
1984 K. Alexander	Rural renewal experience in the Highlands and Islands
1985 D. Harvey FBA	Money. Time, space and the city
1986 E. Lampard	The City in History
1987 D. W. Pearce OBE	Economic values and the natural environment
1988 M. Grant	Forty years of planning control: the case for the defence
1989 L.S. Burns	Home ownership: For better or worse, for richer of poorer
1990 A. Evans	Rabbit hutches on postage stamps: economics, planning and development in the 1990's
1991 B. Millan	European integration and the future of the regions
1992 K. Anderson	Agricultural policies, land use and the environment
1993 D. R. Mandelker	Environmental policy: the next generation
1994 J. Banham	The future of English Local Government
1995 P. Healey OBE FBA	Collaborative strategy making
1996 P. Hall	The people – where will they go?
1997 F. Reynolds DBE	Environment and economy in the new millennium
1998 D.W. Bromley	Transitions to a new political economy: law and economics reconsidered 1998



Cambridge University
Land Society

CAREERS

Did you find a future star for your business?

Top employers were out in force at record breaking CULS Property Careers Fair

CULS Property Careers Fair 24th October 2013 - sponsored by Deloitte Real Estate, Mills & Reeve, Savills and CLEAB.

With 25 stands and over 140 students attending, CULS hosted its largest ever careers fair in 2013. Buoyed by the resurgent jobs market and improved event space in the The Guildhall, Market Square, Cambridge, there was a lively atmosphere as conversation flowed.

"I can't emphasise enough how successful the Careers Fair was. I believe the breadth of the employers was actually key. Everyone either had a specific firm they wanted to apply to, or was able to discover new avenues in real estate that they could pursue." Andy Chen, Land Economy Student Rep

Speed networking was a new addition to the typical milkround format this year. Structured around different career routes within property (such as agency, consultancy, finance, law and fund management) it generated a great buzz and opened students' eyes to the breadth of options available.

As we look forward to the 50th Property Careers Fair taking place later in 2014, CULS Honorary Careers Officer, Louise Sherwin, reflects upon what makes the event so valuable for students and employers alike and shares future aspirations for growth.

The CULS Careers Fair is our platform to showcase opportunities in property to some of the world's top students. And, for those students, the moment where they can find the internship or graduate position that launches their journey. For me, these are some of the unique qualities that make the event so special:

- 1. Enthusiastic CULS and CLEAB members representing employers.** It is fantastic to see so many alumni returning each year. Your presence makes a huge difference to the quality and relevance of discussions with students. It is perhaps because of this common ground students feel able to ask the tricky questions that aren't in the graduate marketing brochures – such as the realities of work-life balance and earnings potential 5 years post graduation!
- 2. The quality and number of students.** This year around 140 students attended the fair, which is more than double that of the event two years ago. A real testament to the organising committee's efforts in publicising the events via multiple channels - from Varsity through to social media and college posters. The students were split roughly 50:50 between undergraduates and those studying MPhil or higher degrees. Around 10% were from departments other than land economy, a proportion we are seeking to increase as the event grows.
- 3. The only dedicated event for property recruiters.** In the competitive market to attract talent, we provide the only Cambridge milkround event specifically targeted at property and related fields. Maintaining and improving the profile of our industry is very important given the relative scale of recruitment events for competing sectors such as investment banking, management consultancy and accountancy.
- 4. The breadth of companies attending.** This year we worked hard to diversify the range and scale of employers that attended. Alongside our regular employer supporters (including the RICS and the Careers Service), we also welcomed many firms for the first time to the careers fair; such as Aggmore, Countryside, Eastdil Secured, Grosvenor and Smiths Gore. We are particularly keen to continue to attract employers with global hire opportunities, start-ups and



those with specialisms relevant to particular MPhil courses (such as real estate finance), to ensure the event is relevant to all students within the department.

- 5. Value for money.** Our focus is on ensuring students have access to the best range of employers and promoting the industry, rather than generating a profit. Employers are asked for voluntary contributions to CULS, rather than a mandatory attendee fee. This compares very favourably to other events at the university which typically charge £600-£1,000 for a stand.
- 6. The atmosphere of friendly rivalry and the quest to find the best freebies!** Rugby balls, jelly beans and mints were all popular this year. I'll leave you to guess which firm provided the red socks!

This year's event was organised by a small committee of CULS members alongside the Honorary Careers Officer and Society Secretary, namely Giles Dobson, Jenny Buck, Sophie Pickering and Lizzie Cullum. Thank you all for your help!

Louise Sherwin,
CULS Hon. Careers Officer

Don't miss - a date for your diary 50th CULS Property Careers Fair,

Tuesday 28th October, 4-6pm
milkround, followed by drinks and networking
The Guildhall, Market Square, Cambridge

For further information or to reserve your company's space, please contact either: Ali Young (culandsoc@alibrinkley.co.uk) or Louise Sherwin (Honorary Careers Officer).

Attendees: Aggmore • Bidwells • Carter Jonas • Countryside Properties • Credit Suisse • CU Careers Service • Cushman & Wakefield • Deloitte • Real Estate • DTZ • Eastdil Secured • Gardiner & Theobald • Gerald Eve • GIC • Grainger • Grosvenor • Henderson • Knight Frank • LaSalle Investment Management • Mills & Reeve • RBS • RICS • Savills • Smiths Gore • Telereal Trillium

AWARDS & PRIZES

Outstanding Service Awards



The following CULS Outstanding Service Awards have been presented for the last 10 academic years (listed alphabetically). The most recent award honours the contribution of Professor Sir Malcolm Grant CBE. (photos above).

Douglas Blausten
 Roger Bright CB
 Stuart Corbyn
 Giles Dobson
 Emma Fletcher
 Mike Ford
 Professor Sir Malcom Grant CBE
 Sir David Higgins CBE
 Jeremy Newsum
 Faye Shorey

CULS Student Prizes 2012–2013

Prize	Awarded By	Amount	Candidate Name
The Noel Dean Prize for best overall performance in Part II (3rd year TRIPOS)	CULS	£750	Miss Katherine Haywood
The Gordon Cameron Memorial Prize for best performance in Paper 7 (Regional Economics and Policy)	CULS	£500	Mr. Sixiang XU
The Mike Turner Prize for best performance in Paper 15 (Advanced techniques in finance and investment for real estate)	CULS	£500	Mr. Christopher Hutton
The Jeffrey Switzer Prize for best performance in Paper 14 (Planning Policy and Practice)	CULS	£250	Mr. Christopher Hutton
The Douglas Blausten Award for the best performance in the REF MPhil dissertation: Paul Schneider: Price Discovery in UK Unlisted Real Estate Funds Panhong Zhang: A Study in Comprehensive Credit Risk Measurements in US Listed Real Estate Companies (Mainly REITs)	CULS	£500	Jointly – Paul Schneider Panhong Zhang
The Alistair Ross-Goobey Award for best performance in the REF MPhil	CULS	£750	Paul Schneider

GOLF

2013 Golf: Beaconsfield Golf Club & Royal Wimbledon

2013 saw the first competitive match in some time for the CULS golfers. Colin Dunkerley has rallied the Fitzwilliam Old Boys over the last couple of years and now has a large and enthusiastic group of golfers who play throughout the year. We were lucky enough for them to challenge us to a game at Beaconsfield Golf Club in June 2013.



Beaconsfield Golf Club, June 2013

After a hard and closely fought match, CULS came out on top by a margin of half a point. There really was nothing in it and I have to come clean and admit that a couple of the Fitz team who were also eligible to play for CULS were kind enough to jump ship and add to our slightly depleted numbers on the day. So maybe it was a moral victory for Fitz after all...?

In September 2013 we returned to the hallowed turf of Royal Wimbledon for our annual golf day. Once again the sun shone (I won't say it always does as that will tempt fate for this year, but we've been very lucky in recent years) and the CULS golfers, whilst not out in their usual numbers, were there in competitive form. By complete coincidence of clothing selection that morning the 'whites' took on the 'colours' in a closely fought match.



Royal Wimbledon, September 2013: L-R Hannah Durden, Ian Mashiter, Colin Dunkerley, Dominic Reilly, Sarah Outram, Lloyd Davies, Huw Colwyn-Foulkes and Gordon Wood.

Whilst I'm normally very organised and keep the scorecards and various quotes from the day I have to defer to my right-hand man, journalist and photographer-extraordinaire, Mr Gordon Wood, for the only quote from the day:

"I'm still convinced that you and Dominic fiddled your scores so that you could win by 1! But of course if Lloyd had been concentrating properly on the 1st hole and hadn't missed his putt by half a

roll, it would have been a tie, and Lloyd would have gone round in scratch!"

This confirms that the 'lights' won the team competition with Lloyd going round in a very respectable 1 over to win the trophy which finally departs from CBRE's offices and now resides with Gerald Eve. I was delighted to take my first ever bona fide victory in the Ladies plate with Sarah Outram of British Land participating for the first time. This was a rare victory for me against Sarah who usually takes an unassailable lead early on in the round. I can only put it down to her having an 'off' day and I'm sure she'll be back with a vengeance this year. Watch this space.

2012 Golf: Royal Wimbledon, September 2012

I'm going to be a little cheeky and also harp back to the 2012 Golf Day in this edition of the CULS magazine... Once again, we had our annual day at Royal Wimbledon. The conversation over lunch went from the sublime to the ridiculous with John S-T and our most famous member of the team, Tom Watson, enjoying a romantic retail-themed lunch until the late-comers arrived. On the other table one certain agent was heard educating one of the valuers: 'you do know that rents affect the yield on a building?'.

On the opposing teams were some new recruits in the form of Phillip Moore not to mention, dare I say it, an imposter from Oxford who had kindly answered to a last minute call up. I still don't know his full name. He was referred to as 'Oxford' for the entire the day. Oxford played alongside his colleague Phil Irons, Tom Watson and James Gulliford. Phillip joined Dominic Reilly, Huw Williams and David Mortimer. There is always some debate as to what people are playing off, so the handicap committee had to remain firm but fair where there were some dubious figures announced along with a review once the scores were in.

And onto the golf. As ever a mix of abilities led to some champagne moments and some less-repeatable offences. Back to the course and the 15th hole is probably one of my favourite holes on the course: a difficult par 4 off both the white and red tees, it has a sweeping fairway rolling down to a stream on the left. It has an impressive tree-lined back-drop to some strategically placed bunkers down the right-hand side of the fairway and a large amount of sand in close proximity to the green. Gordon Wood confidently announced on the tee that he had got an Eagle the last time he played this hole but proceeded to disappoint with a 6 and a measly one Stableford point (better than none I guess...). Not so good for the team competition. The ladies' shot of the day came at the par 3, 13th hole where an accurate tee shot followed by an epic 15 ft putt (even if I do say so myself) got the Birdy for 4 points. Unfortunately this was about all I contributed to our team score for the day.



"Hmm, I'm not sure whether you're in the bunker or not John..."

Further discussions about how to value a building in amongst the heather, overlooking Combe Hill. L-R GW & John S-T

The top individual score for the day came from Dominic with a cool 35 points, only failing to score on one hole. But the team effort goes to consistency and even Colonel Bogey couldn't help us win that trophy. It is debatable of course, given that they had an old Oxonian on their team, whether the victory does actually stand. For now, however, it is Watson, Gulliford, Irons and Oxford that take the trophy back to CBRE for 6 months and then off to its new home in Benson Elliot's offices.



The 2012 Survivor's Photo: L-R Gordon, Phillip, "Oxford", John S-T, Hannah, Tom, Gully, David

As ever, we are always welcoming new players and most seem to enjoy themselves. Sometimes they even come back to play again. We are defending our win against Fitzwilliam again on 1st July 2014 and return to Royal Wimbledon on 2nd September 2014. If you would like to participate or, indeed, set up a match then please email me, Hannah Durden, on hannah@berwickhill.co.uk

CULS Past Events 2013-2014

Event	Date	Forum	Event Contact
Silver Street Group Annual Dinner	25th April 2013	Silver Street Group	Francesca Leverkus
Institutional Investment In the Private Rented Sector	23rd May 2013	Commercial Property Forum	Hannah Durden
APEC Inaugural Talk	10th June 2013	APEC Forum	Brian Waters
Silver Street Summer Drinks	13th June 2013	Silver Street Group	SSG Committee
Annual CEO Talk with Robert Noel of Land Securities	19th June 2013	Commercial Property Forum	Ian Mashiter
Britain on the brink? Is the UK's energy policy sustainable?	26th June 2013	Commercial Property Forum	Andrew Waters
Talk/Tour NW Cambridge Site	18th July 2013	Construction Forum	Tom Amies
AGM & Annual Dinner	18th July 2013		Roddy Houston/Ali Young
EXPOREAL	8th October 2013	European Forum	Douglas Blausten
Dinner with the Lord Chancellor, Lord Sainsbury of Turville	10th October 2013	For CLEAB members/invitees	Douglas Blausten
Annual Careers in Property Fair	24th October 2013		Louise Sherwin
SSG Autumn Wine Challenge	31st October 2013	Silver Street Group	Hugh Sancroft-Baker
NHS Property Seminar	8th November 2013	NHS Property Events	Douglas Blausten
Dinner with the Rt Hon. Lord Hannay of Chiswick	20th November 2013	For CLEAB members/invitees	Douglas Blausten
Market Update Panel	21st November 2013	Commercial Property Forum	Roddy Houston
Future Workspace	29th January 2014	Apec Forum	Yair Ginor
Discussion with Paul Brundage	5th February 2014	Real Estate Finance Forum	Noel Manns
Silver Street Networking drinks	6th February 2014	Silver Street Group	Francesca Leverkus
Joint CULS/P&FG Lunch	25th February 2014	Commercial Property Forum	Roddy Houston
Dinner with Sir Richard Sykes	26th February 2014	for CLEAB members/invitees	Douglas Blausten
SSG Annual Dinner	5th March 2014	Silver Street Group	Francesca Leverkus
Dinner with 2nd Year Tripos Students	5th March 2014	For CLEAB members/invitees	Jenny Buck
Dinner with Lord Eatwell	13th March 2014	For CLEAB members/invitees	Douglas Blausten
The Inaugural Whitehall Lecture given by Professor Sir Malcolm Grant CBE	25th March 2014	Global	Douglas Blausten
Dinner with Jon Moulton of Better Capital	9th April 2014	For CLEAB members/invitees	Douglas Blausten
CULS Spring Weekend	12th April 2014	Rural Forum	James Pavay
Churchill II	1st May 2014	APEC Forum	Rod McAllister
Green Value - Myth or Reality?	15th May 2014	Commercial Property Forum	Hannah Durden
Annual CEO Talk with Chris Morrish of GIC	3rd June 2014	Commercial Property Forum	John Symes-Thompson
Long Term Real Estate Investor Symposium	23rd & 24th June	Private Seminar	Ali Young
What's going on Underground?	25th June 2014	APEC Forum	Mike Adams
AGM & Annual Dinner - 3.7.2014	3rd July 2014		Roddy Houston/Ali Young
Battersea – The Power behind South London's residential regeneration.	16th July 2014	Commercial Property Forum	John Symes-Thompson

CULS Committee Members

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Francesca Leverkus	Topland	Committee Member	Co-Head, Silver Street Group
Noel Manns	Europa Capital LLP	Committee Member	Head, Real Estate Finance Forum
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Omega Poole	Brown Rudnick LLP	Committee Member	
Brian Waters	BWC	Committee Member	Co-Head, APEC Forum
James Lai	RTKL	Chair, Asia Pacific Forum	
James Taylor	Adapt Properties	Hon. Member for the Regions	

