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20:20 Vision

Tuesday 21 January 2020

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Moderator Welcome

Kevin Aitchison

CEO of Knight Frank Investment Management &
Member of AREF Management Committee



Speakers & Panellists



Andrew Phipps

Head of EMEA Research and Insight
Cushman & Wakefield



Mat Oakley

Director, Commercial Research
Savills



Paul Richards

Managing Director
AREF



Lord Jonathan Hill

Senior Adviser, Corporate Client
Solutions
UBS



Ann Xu

Associate, CBRE Global Investors
& Member of AREF FutureGen
+ AREF ESG & Social Impact
Committees

Agenda for today

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- 09.00 **Welcome - Kevin Aitchison**
- 09.05 **Andrew Phipps, Cushman & Wakefield**
- 09.15 **Mat Oakley, Savills**
- 09.25 **Paul Richards, AREF**
- 09.35 **Panel session & questions featuring:**
- **Lord Jonathan Hill, UBS**
 - **Ann Xu, CBRE Global Investors**
 - **Andrew Phipps, Matt Oakley, Paul Richards**
- 10.20 **Conclusions**
- 10.30 **Join us for coffee & networking**
- 11.00 **Close**



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Keynote
Andrew Phipps
Head of EMEA Research and Insight
Cushman & Wakefield



OUTLOOK
2020

AREF
20:20 Vision

▪ Economic and Political Direction



Political background



POPULISM

PROTESTS

DISAFFECTED YOUNG

GLOBAL VS. LOCAL

BREXIT

NEW LEADER

ISOLATIONISM

SLOWDOWN

U.S. AND CHINA

U.S. AND IRAN



That feeling when you can't quite believe it
It's mine, it's all mine...



U.S. Iran tensions rise

Global political and economic impact



Gold surges to more than 6-year high on geopolitical turmoil, inflation fears

PUBLISHED MON, JAN 6 2020-8:59 AM EST | UPDATED MON, JAN 6 2020-4:13 PM EST



Provided by Dow Jones

Jan 7, 2020 2:04 PM



Global Stocks Rise as Oil Prices Plateau

Bitcoin's price jumped \$200 in an hour and a half on Monday, rising to a 30-day high of \$7,800.



Not going anywhere

President...Prime Minister...President...Prime Minister...

Mikhail Mishustin; New Russian Prime Minister Elected by Vladimir Putin, He is Known to Have no Political Experience



News

Friday, Jan 17, 2020 | 12:25 am



New Russian Prime Minister, Mikhail Mishustin

Operation Options Open: How Vladimir Putin plans to retain his grip on power



20k



Vladimir Putin, center, stands with military officials during a ceremony in St. Petersburg, Russia, on January 16, 2020. Putin is wearing a dark suit and a red tie. He is surrounded by several men in military uniforms, including one in a blue uniform and another in a red uniform. They are standing in front of a large Russian flag.



Russian President Vladimir Putin speaks during a meeting to prepare statements to the Russian constitution at Novo-Ogaryovo state residence outside Moscow, Russia January 16, 2020. Sputnik/Mikhail Klitzcheyev/Kremlin via REUTERS

Vladimir Putin Cements Power As Russian Duma Votes For New PM Candidate

Updated: Jan 17, 2020, 16:10 IST | Agencies | Moscow

Mikhail Mishustin, the chief of Russia's tax service, met with lawmakers from various factions in the State Duma ahead of the confirmation vote in the Kremlin-controlled lower house

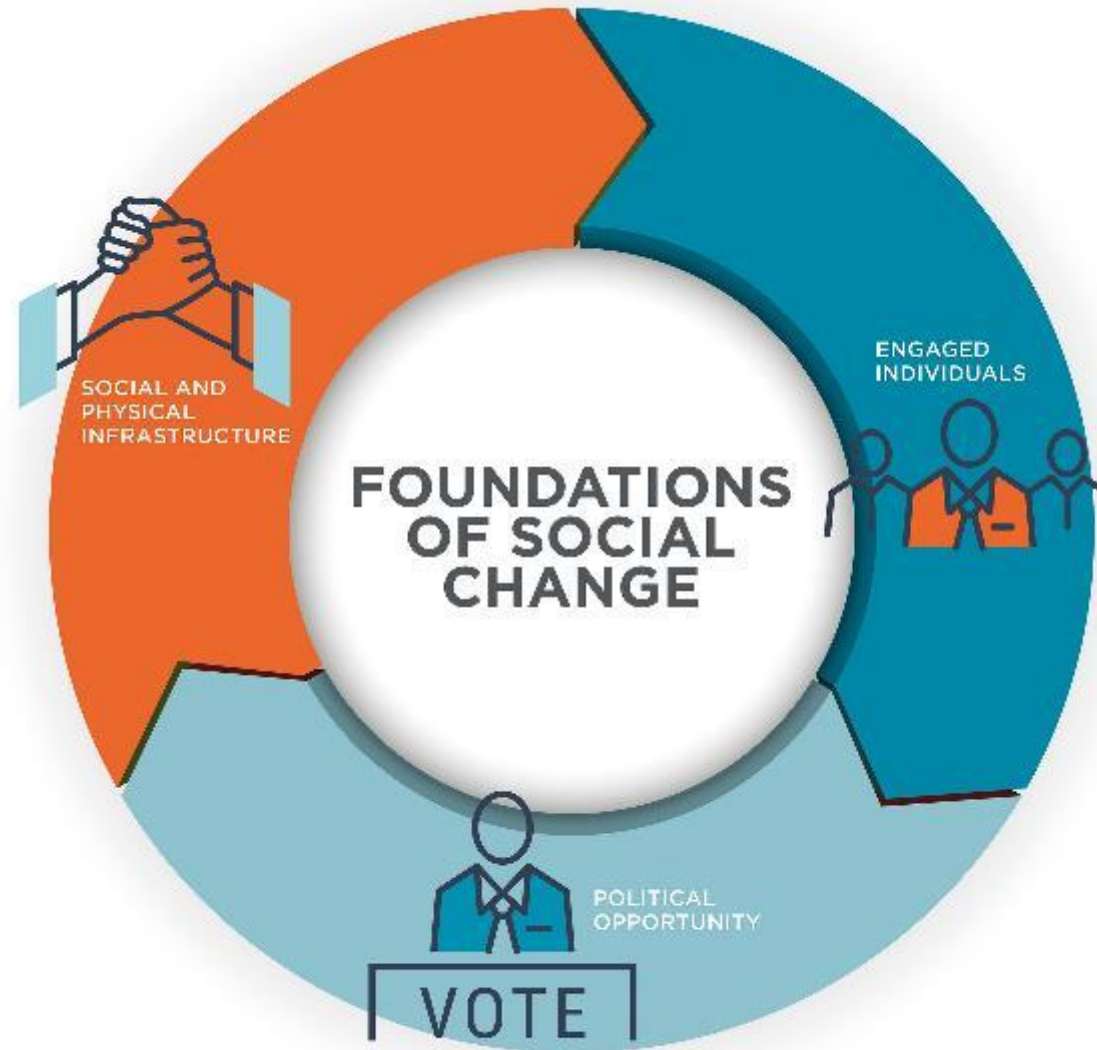


Societal change



Societal change

Alignment of desire and opportunity

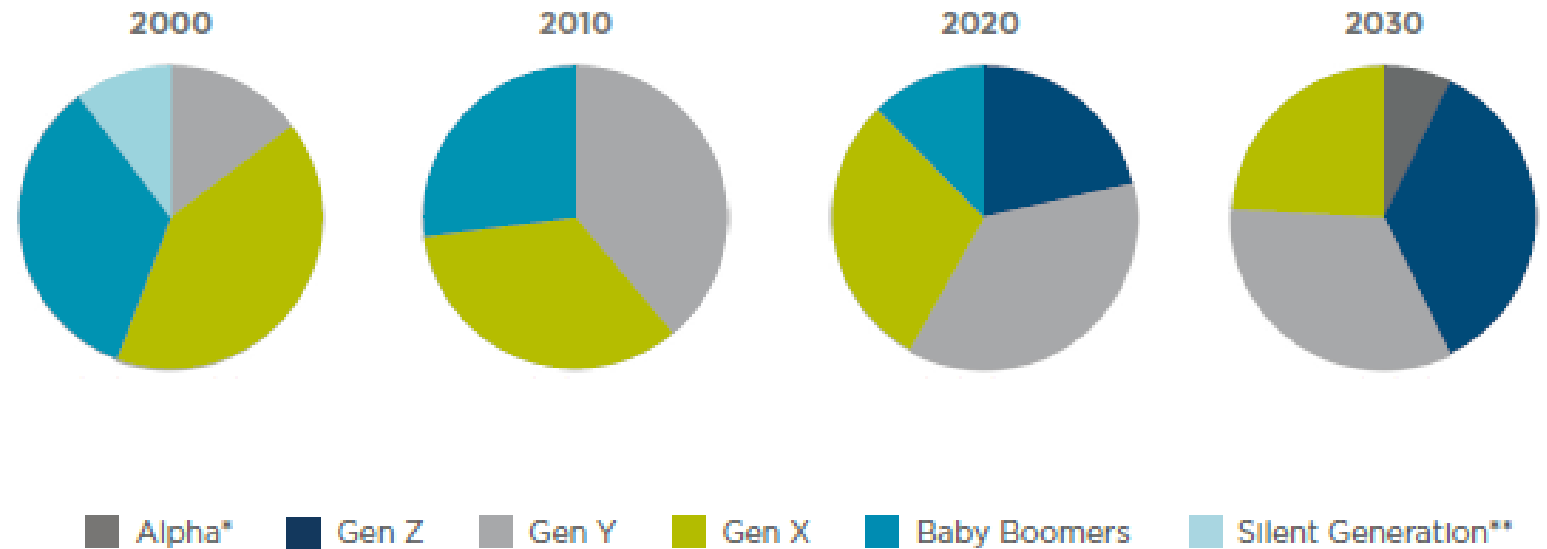


Demographic shift

Different generations in the workplace, so what?

- Younger generations have a voice and expect to be listened to
- The unofficial apprenticeship is no longer viewed as the norm
- Expectations and satisfaction levels are mis-aligned

Proportion of working age¹ population 2000-2030



Source: United Nations, Cushman & Wakefield

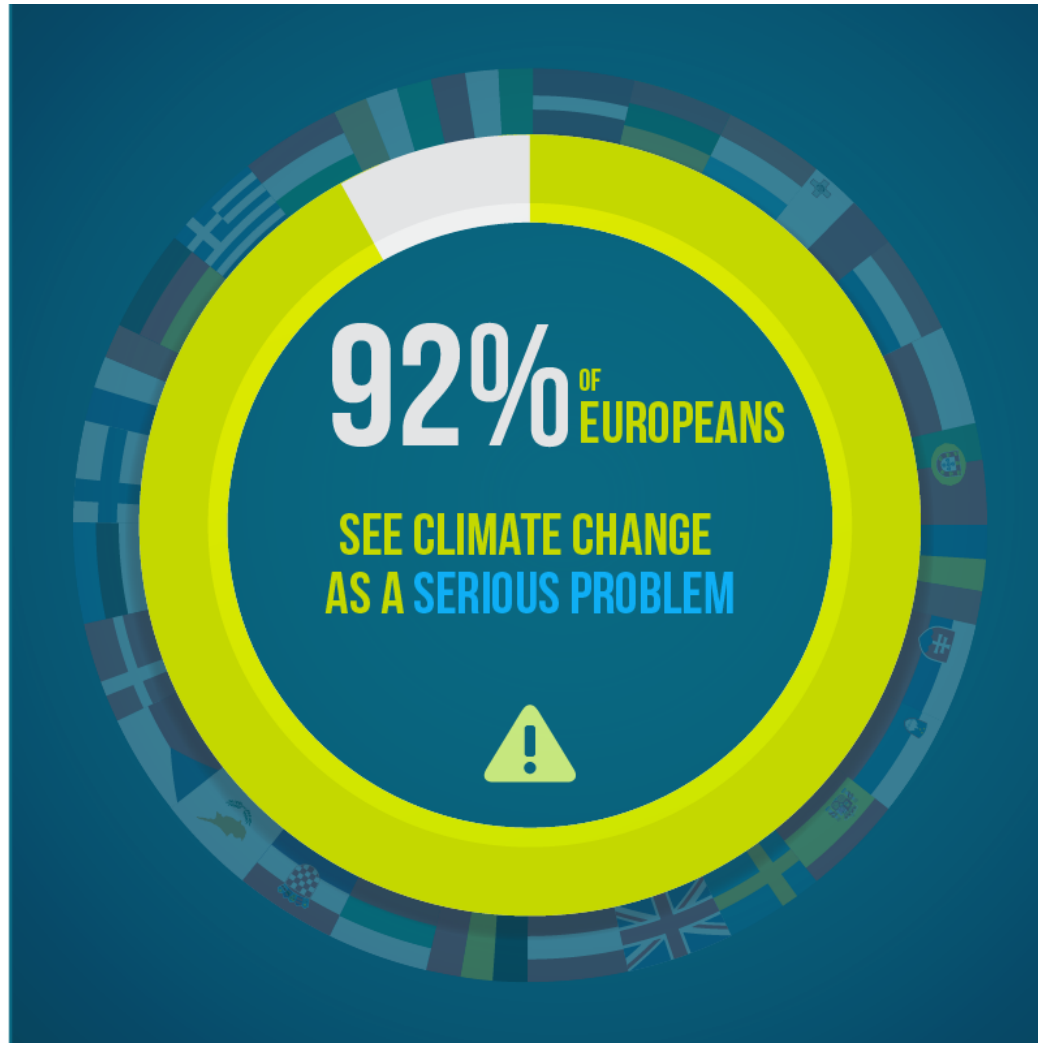
* Generation Alpha: Born from 2013 to present

** Silent Generation: Born from 1928 - 1945

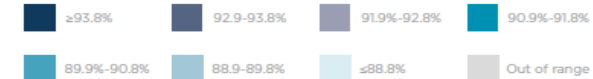
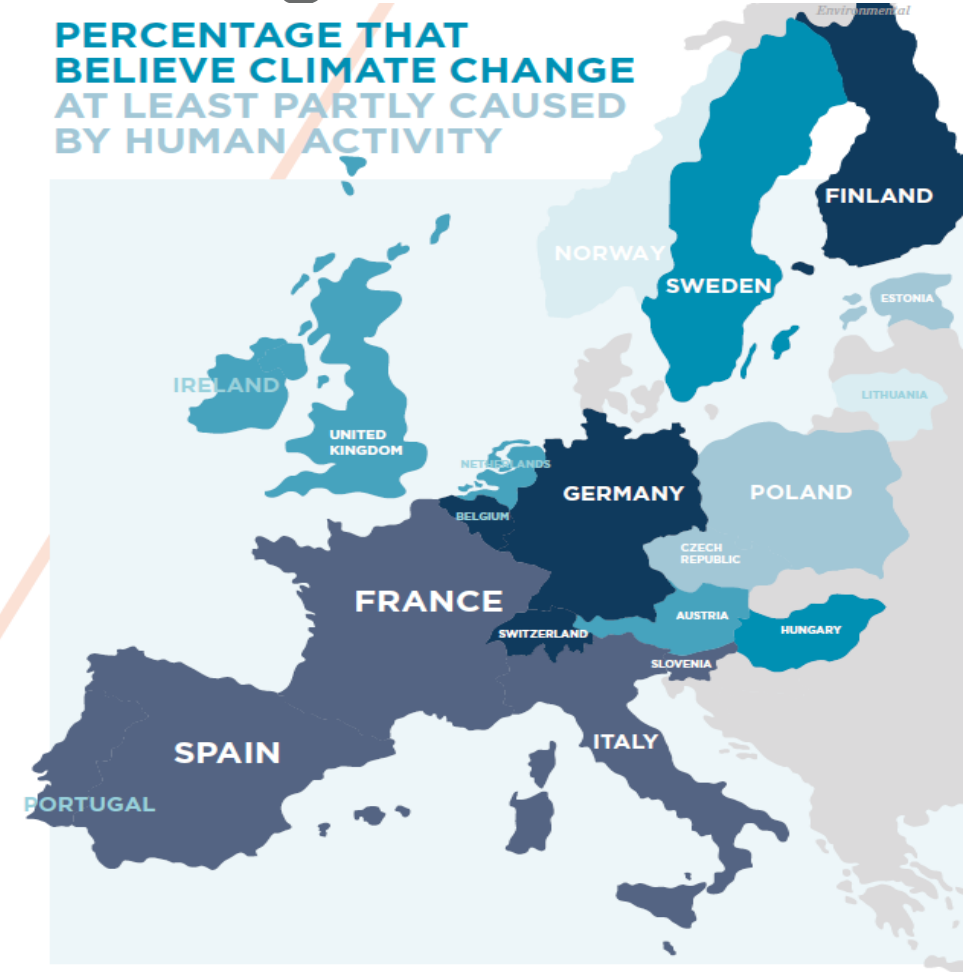
¹ Working age population defined here as aged 15-64 years

Environmental beliefs

The level of acceptance is overwhelming



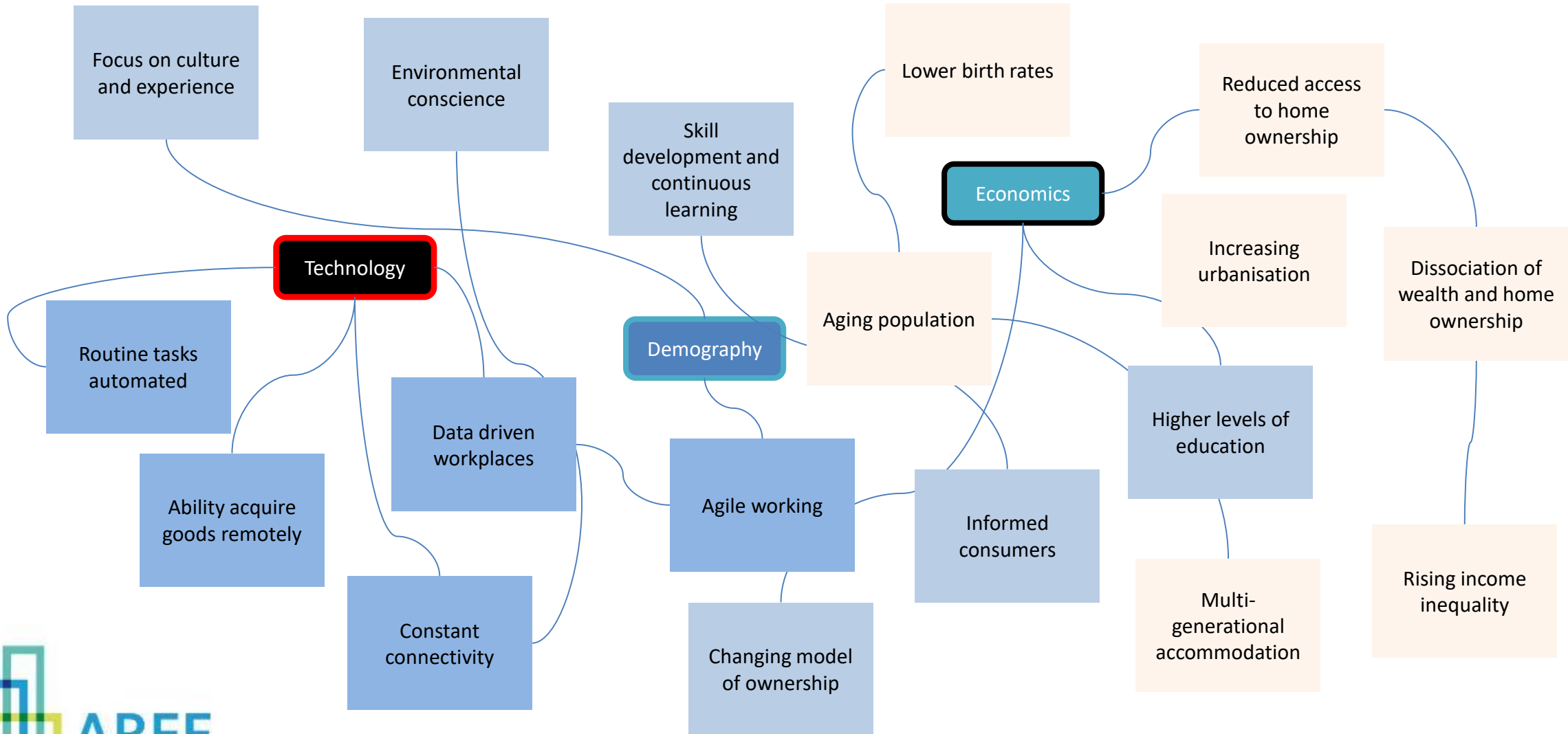
PERCENTAGE THAT BELIEVE CLIMATE CHANGE AT LEAST PARTLY CAUSED BY HUMAN ACTIVITY



Source: European Social Survey Round 8, 2016 - 2017 - Beliefs in the reality, causes and impacts of climate change

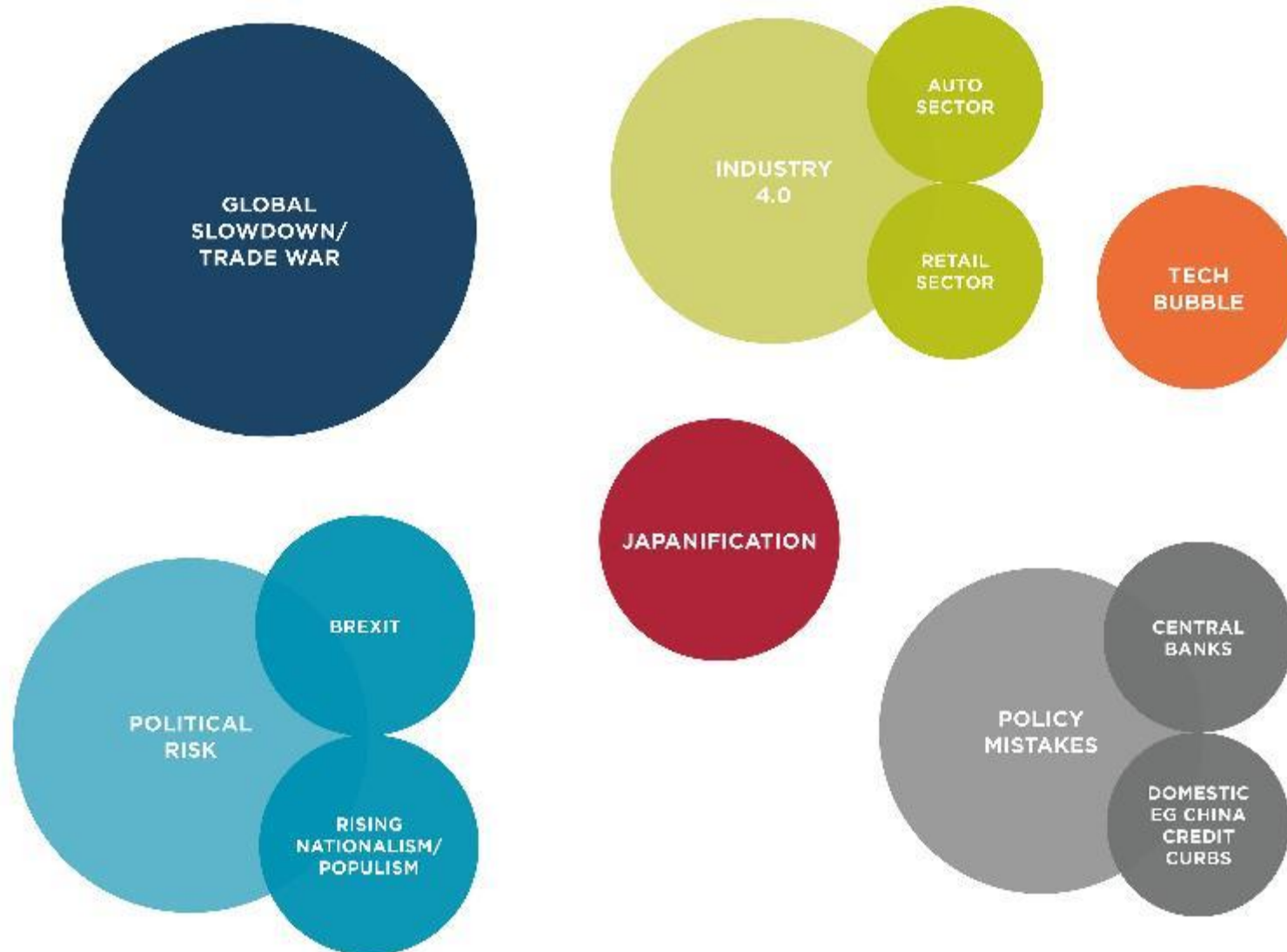
A changing society

Evolution creates challenge



Risks for real estate

Low risk of recessionary factors in 2020



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Keynote
Mat Oakley
Director, Commercial Research
Savills



Key themes for UK commercial

AREF 20:20 Vision Event: Mat Oakley, Savills

The background features a large, semi-transparent clock face. The clock's dial is a mix of blue and purple, with white tick marks. The hands of the clock are also semi-transparent. Overlaid on the clock are the European Union flag (a circle of yellow stars on a blue field) on the left and the Union Jack (the national flag of the United Kingdom) on the right.

**Brexit has not gone
away!**

A blue-tinted photograph of the Wall Street Bull and Bear statues. The bear is in the foreground on the left, and the bull is in the middle ground on the right. A person is riding a bicycle on the street to the right. The background shows a city street with buildings.

3 Trends



Some risk-averse investors will return, but what is there to buy?



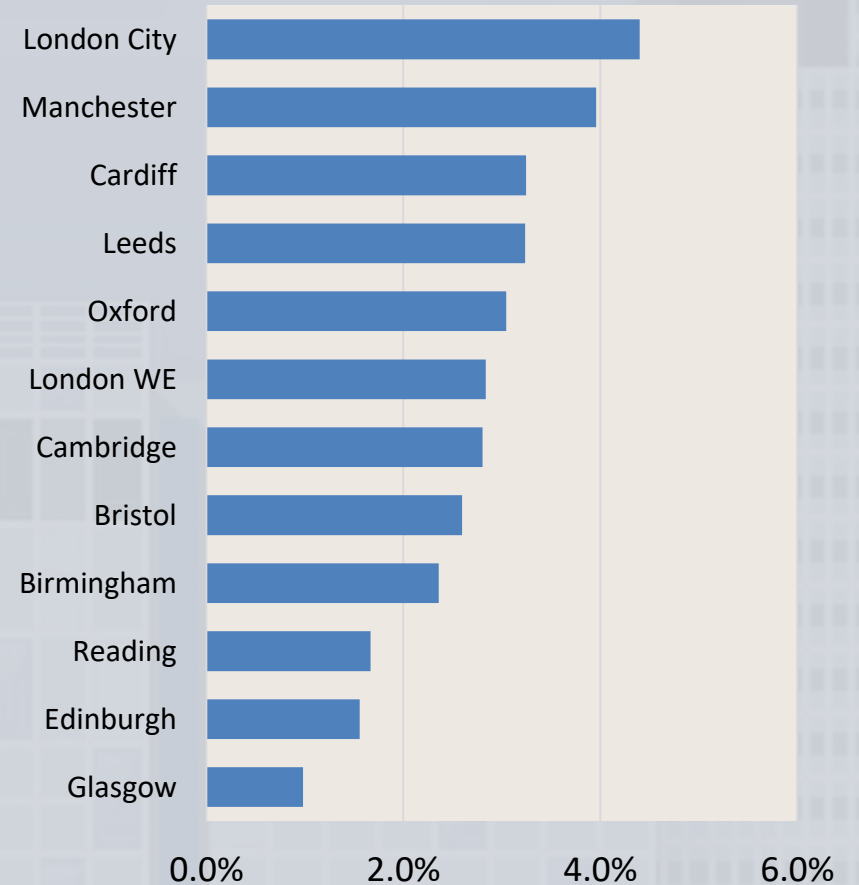
London office fundamentals strong

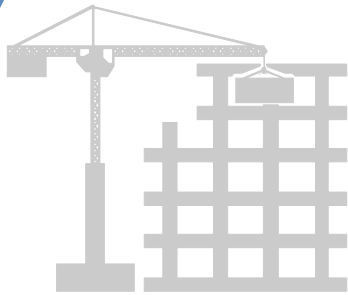
Time to build?



Some risk-averse investors will return, but what is there to buy?

Office prime rental growth: 3 year annual average % pa





London office fundamentals strong

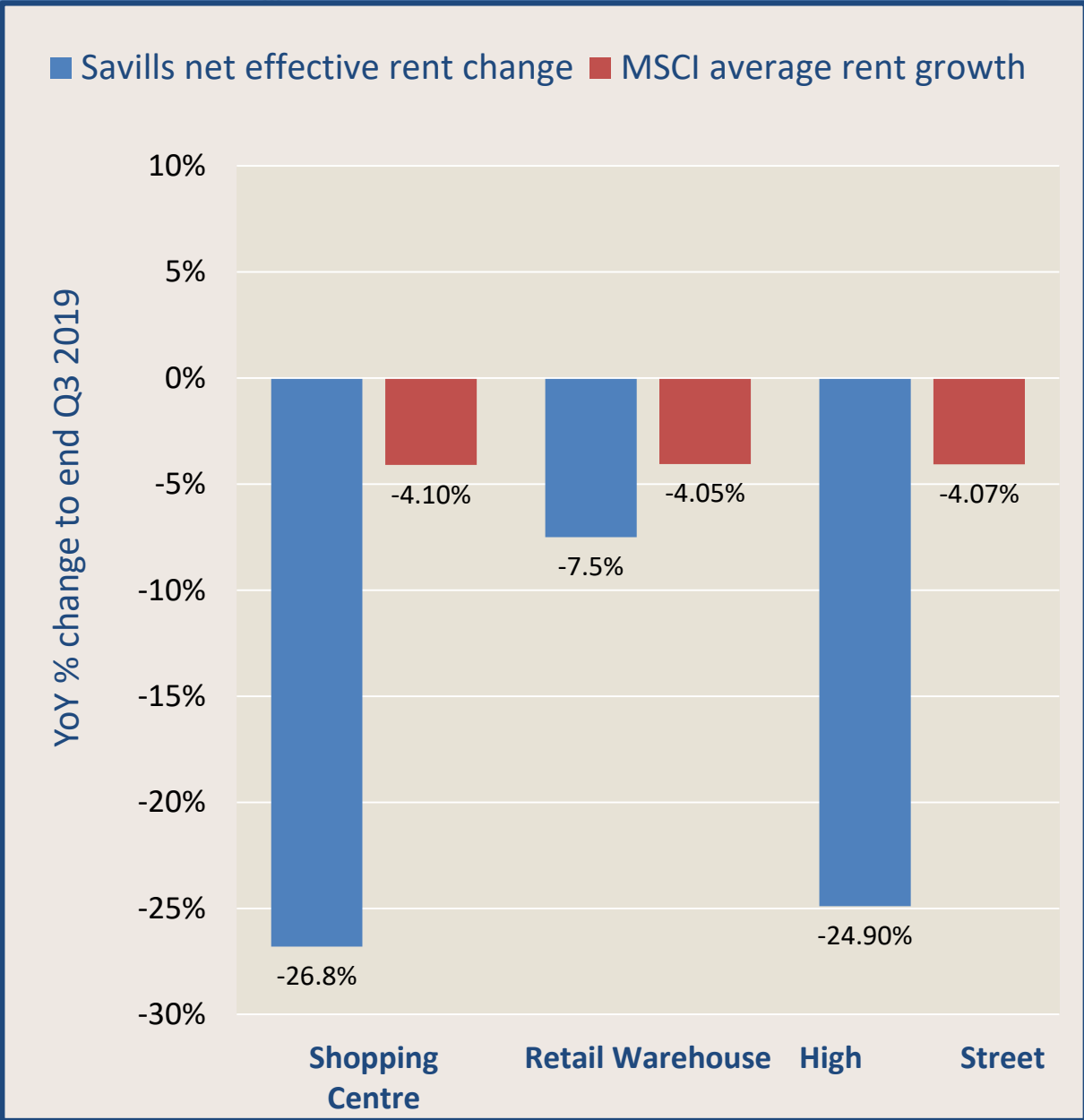
Time to build?



Retail turbulence is not over, but good retail now looks cheap

Some risk-averse investors will return, but what is there to buy?





Retail turbulence is not over, but good retail now looks cheap

Source: Savills Research

A blue-tinted photograph of the Bull and Bear statues in the City of London. The Bull is on the right, facing forward, and the Bear is on the left, facing right. A person is riding a bicycle in the background on the right. The text "3 Disruptors" is overlaid in white.

3 Disruptors



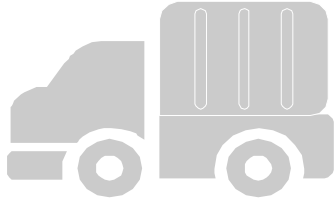
Rising hunger
for long
income
opportunities
meets scarcity



Last mile (and last metre) logistics still complicated



Rising hunger for long income opportunities meets scarcity



Last mile (and last metre) logistics still complicated



Rising hunger for long income opportunities meets scarcity



Uncertainty will not disappear

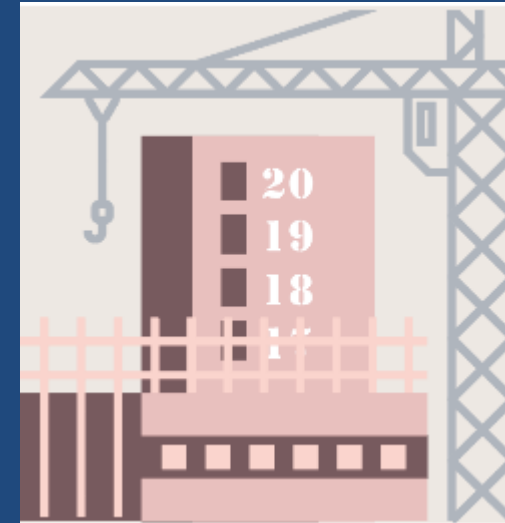
My top picks

Core



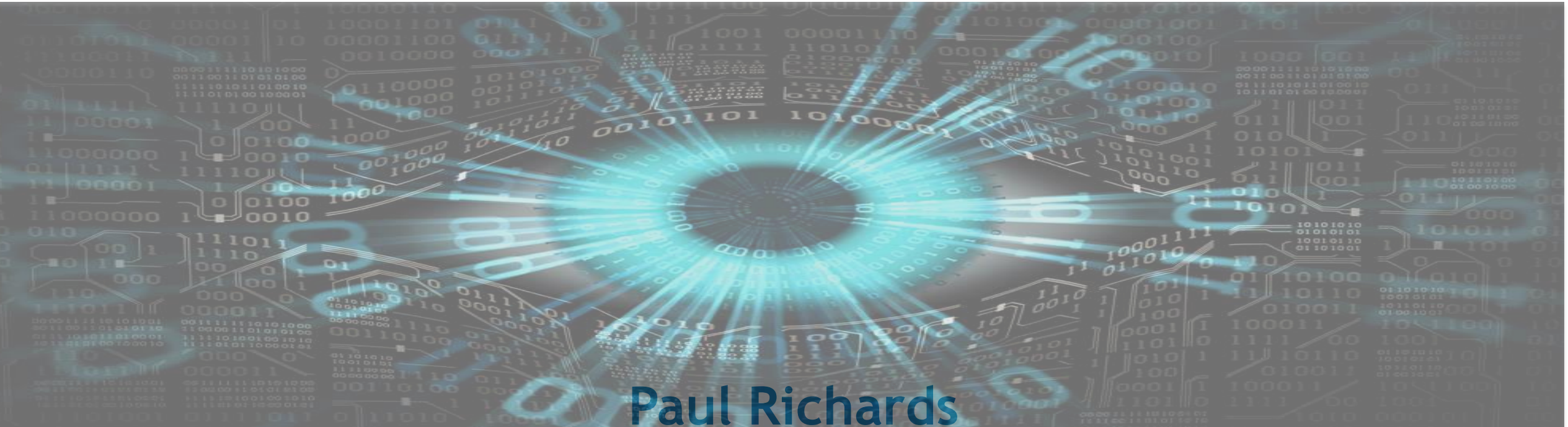
- London offices with rental growth potential
- Undersupplied regional office markets
- Urban logistics with potential change of use

Opportunistic



- Re-priced prime retail where shoppers want to be
- High quality offices let to serviced office providers

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Paul Richards

Managing Director
AREF



AREF Outlook

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- Lobbying
- Relationship with The Investment Association
- Immediate challenges:
 - Brexit
 - Liquidity
 - Social & environmental impact



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Panel Session + Q&A

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Conclusions

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Thank you
Join us for coffee/networking outside