

Society of Property Researchers

Newsletter

February 2024



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Sign up for events [here](#)

Catch up on past recorded events [here](#)

Reports written by Tim Horsey unless otherwise stated.

Society News

Message from the Chair

Dear Members,

Welcome to 2024, as the start of another year sees the SPR community of like-minded researchers going from strength to strength.

I would like to thank you for your dedicated support in 2023. We received very positive feedback and valuable inputs from our member survey last year. 98% of respondents were satisfied with the activities we provided, especially the seminars and social events. We value your generous feedback, and we are committed to delivering better member services. For 2024, I would like to share with you some plans aiming to create significant value to our members.

- Acknowledging the value of webinars for global members, more webinars to cater for different time zones will be planned. Our upcoming webinar on Debt Financing will be taking place on 6th March; please click [here](#) to register.
- Strengthening connections between academic institutions and the industry. The quarterly research summary will be improved through the categorisation of topics, sectors, and geographies. A new add-on research snapshot will combine practical application with academic rigour – look out for emails in due course!
- Offering new opportunities for collaboration. While the coffee and conversation sessions and the mentorship programme will continue, newly initiated working groups will meet to exchange ideas and boost collaboration. If you are interested in joining one of the first two working groups, devoted to Housing or Social Value, please contact [me](#) or [Becci](#) for further information.

- The SPR Research Course will be back this year and will focus on a wide range of topics to deepen the knowledge of researchers at all levels and support career development for younger generations.

We will, of course, have more fun social events to develop a growing community with ever closer connectedness and rapport. I am very much looking forward to meeting you at the upcoming social events, such as bowling on 14th March (now sold out) and the [pub quiz](#) on 1st May. Board game night is also on the way.

It was lovely to meet so many of you in-person at the SPR winter drinks in January. The friendly chat and inspiring discussion made me feel so proud to belong to such a welcoming and engaging community. Thank you for the new ideas, such as researcher fireside chats, which the committee will now start to investigate.

We will continue to seek new ways to create value for our members. If there are any topics or events you would like us to improve or explore, then please reach out to [me](#) or [Becci](#) at any time. Even just telling us how we are doing is a contribution that I appreciate.

As we approach the renewal period, we encourage you to promptly renew your membership to ensure ongoing access to our events (click [here](#) to log in). A heartfelt thank you to all who have already done so.

Finally, on behalf of the committee, thank you for being a valued member of our community. Here's to a fantastic year ahead filled with collaboration, discovery, and shared success.

Best regards,

Dr Yi Wu

SPR Chair

AGM & Annual Dinner

SPR 36th Annual General Meeting (Virtual)

9 November 2023

Changing of the guard

This year sees a new SPR President, Treasurer and Chair come into post. Yolande Barnes of The Bartlett Institute, University of London replaces Andrew Smith as President after more than ten years during which the Society has gone from strength to strength. Membership numbers have reached record levels and the range of activities continues to broaden. Tim Francis replaces Ben Russell as Honorary Treasurer, with the Society focusing its resources on bringing the membership together even more effectively. And following the usual annual rotation, Yi Wu chairs the SPR committee for the year to come, promising to boost collaboration across sectors and expertise in the context of a rapidly innovating industry.

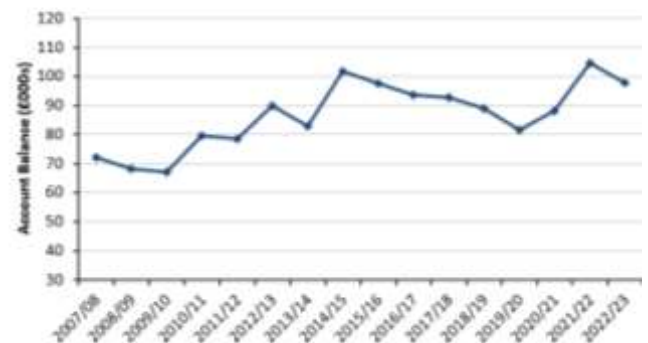
Welcoming members to the meeting, which was once again held online, **Andrew Smith** announced that he would be stepping down as President of the SPR. He said that with the Society now in such good shape, it had been a privilege to serve in this role over the last nine years. Noting that there were still major issues for the profession including data availability and the relationship between industry and academic research, he stressed that he remained ready to keep helping the Society in the future.

SPR Chair **Alex Dunn** thanked Andrew for his contribution to the Society, noting that membership had now reached 576, beating last year's record. With Covid lockdowns firmly in the past, the SPR had organised many face-to-face technical events as had been promised at last year's AGM, and members had given positive feedback on the topics and quality of the speakers. On the social side, the Annual Dinner had returned after three years' absence, while there were

also new wine tasting and Winter Drinks events, both of which proved successful and will be repeated this year. However, the proposed Treasure Hunt in the summer failed to attract much support and was cancelled.

Technical seminars proved to be well attended, with the balance shifting from online webinars compared to the previous year. The newly introduced Roundtables were also a big success in terms of attendance and quality and helped overcome the increasing difficulty of finding complementary venues at firms' offices. There was also strong appetite for the four site visits organised during the year. In addition, the SPR's new mentoring programme proved popular with 37 mentees signing up, and this should hopefully keep growing. Alex concluded by thanking the committee and event sponsors and hosts for their invaluable support over the year.

Account balance over the years



In a meeting that was big on goodbyes, SPR Treasurer **Ben Russell** announced that he would be leaving the committee. Presenting last year's accounts, he noted that the balance had fallen somewhat from £105k to £98k, which was largely in line with expectations. Subscriptions income had increased, but there was a hit to job adverts, with just eight placed compared to 30 the previous year. More positively, expenditure items all came in on or below budget, a good outcome given the prevailing inflationary conditions.

Turning to the budget proposed for the year to come, Ben explained that expenditures were expected to rise due to an increasing emphasis on engagement with the

membership and academia, as well as some inflationary impacts. This would mean a deficit of £12k for the year, but the committee had decided that it was important to keep pushing efforts to bring the membership together. The possibility of raising the membership fee had been considered, but it was decided to maintain the current level for the next year at least.

With the budget for the coming year approved by the meeting, Alex proceeded to introduce **Yolande Barnes** as the next President of the Society. Her biography states that she spent 33 years researching property markets in the industry before joining UCL as Chair of the Bartlett Real Estate Institute in 2018. As head of World Research at Savills, she took a global, cross-sector view of real estate. At the meeting she briefly explained her long association with the SPR, having been a founding committee member back in 1987, and enthused that now is an exciting time for the Society, with membership numbers rising and a chance to interact more closely with the academic community.

Alex went on to introduce the new committee for the coming year and to thank those stepping down for the contribution. The members, with their positions, are:

Dr Yi Wu, University of Reading (Chair)
Matt Soffair, LGIM (Vice Chair)
Rad Radev, Carter Jonas (Junior Vice Chair)
Tim Francis, TPF Consulting (Hon. Treasurer)
Mhairi Thomson, BNP Paribas (Hon. Secretary)
Michael Caira, The Crown Estate (member)
Alex Dunn, Cromwell Property Group (past-Chair)
Chris Dunn, Colliers (member)
Cleo Folkes, Social Value Portal (member)
David Inskip, CBRE IM (member)
Will Laing, Savills (member)
Shehryar Qazi (member)
Hamish Smith, Savills IM (member)
Joanna Tano, Columbia Threadneedle Real Estate Partners (member)
Mark Stansfield, CoStar (member)
Mohamed Ali, Savills IM (co-opted member)
George Armitage, Oxford Economics (co-opted member)
Tom Berry, Brockton Everlast (co-opted member)

Laura Harris, Savills (co-opted member)
Sara Lindblom, Colliers (co-opted member)

Alex also gave particular thanks to **Becci Williamson** for 'driving the society internally' as Membership and Events Co-ordinator and said that he would miss their 'almost daily' phone calls.

Proposed Officers of the Committee 2023-24



Yi Wu, the incoming SPR Chair, introduced herself with the observation that in four years as an SPR member the Society become like her 'family and friends'. She paid tribute to Alex Dunn, Hamish Smith, Lucy Greenwood and Cleo Folkes for their role in growing the membership to its current height, and also for their support and encouragement for her. She also thanked all committee members who worked behind-the-scenes to run the events successfully. Looking forward to this year, she promised a particular emphasis on collaboration across sectors and expertise, with the aim of sharing knowledge, expertise and skills. This should help members embrace the innovation that is set to impact real estate, particularly via events that would include a wider range of expertise from beyond the industry. This should strengthen the benefits to younger members in their career progression wherever they come from, by region, gender and background.

Priorities for the coming year would include working groups to build on the success of the SPR Roundtables, which could lead to further collaboration between their participants as they often represent the start of a conversation rather than the last word. Yi encouraged members to come forward with any ideas they might have for enhancing collaboration along these lines.

SPR is happy to provide financial support for the working groups' budgeted costs. The call for working group proposals will be announced after further discussion with the committee.

Support for younger members will continue to expand via the mentorship programme and the research course, as well as by refreshing the Research Summary. The improved research summary will give clearer signposts to the topics and sectors covered by each academic paper. This could involve providing more accessible 'research snapshots' that summarise the recommended reading to encourage better industry practice.

SPR is going to provide more diversified social activities, including a newly proposed games night, for members networking. Looking to widen the reach of the Society's activities, the first regional SPR Roundtable is to be held in Manchester on infrastructure as a joint event with the IPF. Hopefully this will be the first of a wider regional offer.

Finally, Yi announced the finalists for the Ian Cullen Research Prize, renamed in honour of the founder of IPD who died earlier in the year.

The papers chosen as finalists for the under-30 prize were:

Semiconductors and the logistics sector by Andrew Blennerhassett, Savills

Ranking the US' largest warehousing markets by Sam Hall, Capital Economics

The finalists for the open prize both focused on sustainability:

Next wave of physical climate risk by Alexey Zhukovskiy, Ismail Mejri, Irene Foss and Hans Vrensen, AEW
Accounting for climate transition risk in CRE required returns by Mark Unsworth, Oxford Economics

The winners were announced at the SPR Annual Dinner.

SPR Annual Dinner 2023

Royal Air Force Club, 128 Piccadilly, London, W1
16 November 2023

For the second year in a row, the highlight of the SPR social calendar took place in the historic surroundings of the Royal Air Force Club on London's Piccadilly. Some 120 members gathered to revive old acquaintances and make new ones, both over drinks in the bar and later at the sumptuous dinner, where most were entertained at tables that had been bought by leading companies in the field of property research.

After conversations swelled to a crescendo at the pre-



dinner drinks in the Churchill Bar, where wartime RAF luminaries gaze down from the walls, it was soon time to move upstairs to the elegant Sovereigns' Room. Once everyone had found their tables, they were welcomed by **Alex Dunn**, the outgoing SPR chair.

Alex began by thanking Becci Williamson, Chris Dunn and Joanna Tano for their tireless work organising the event. He said that the last 12 months had gone incredibly quickly for him, even if it was a difficult year for the business. But at least everyone now knew the difference between core inflation and headline inflation.

Over the year the SPR had got its members back together in the wake of Covid, at seminars, social events and site visits, and feedback was very positive. He asked members to keep telling the committee the

kind of events they wanted. Alex also mentioned the mentoring programme that has been launched this year and encouraged members to come forward as mentors and mentees.



Alex then handed over to **Yi Wu**, chair for the year to come. She said that she was looking forward to working

with the committee including new members Sara, Laura, Mohamed, Tom and George, and went on to describe how her SPR story began four years ago when she moved to the UK. After her Bayes Business School colleague Tony Key (an SPR fellow since 2010) suggested that she join the SPR, and her online search identified this as the Society of Physical Research, she wondered if Tony was telling her in a British way that she wasn't very good at her job. But it turned out that the SPR was also the name of a welcoming and engaging community for real estate researchers.

She explained that the SPR committee aims to strengthen that community next year by forming working groups of members, who will have the chance to collaborate and share knowledge on the subjects they deem most important: 'your society, your voice', as she described it. In this way, members are encouraged come forward and help the Society embrace the innovation that is set to impact real estate in the near future - including by finding people from outside the industry to get involved in its events.

Yi concluded by urging those at the dinner to contribute generously to the raffle, which this year supported **Centrepont**, a charity that helps more than

60,000 homeless young people in London every year. The meal then got under way with a delicious mushroom tartlet, which was followed by a main course of roast cutlet of pork, mixed bean cassoulet and grain mustard mash, with a scrumptious sticky toffee pudding for dessert.

Following on from Yi, **Andrew Smith** gave his last as speech SPR President. Saying that it had been an absolute privilege to perform this role for the last nine years, he suggested that the Society was now in fantastic shape, testament to the work of the committee over these years; notably, the SPR had bounced back after the travails of Covid to achieve record membership numbers. Having begun in the 1980s when property research was just starting out, people with a research background had now moved into the highest positions in the industry, and research was even influencing property's role in the wider economy.

Andrew's final duty was to introduce **Yolande Barnes** as the new SPR President. He noted that each President seemed to have served slightly longer than the previous one, and extrapolating this trend he would expect her to be in the role for at least the next 15 years. In any event, he looked forward to supporting her every step of the way.



Yolande said that she was enormously honoured to take on the role at a time of unprecedented change. Some of the most important changes would require property researchers to educate their colleagues in the

industry on what to expect. She anticipated that the Society would continue growing and developing, and said that always encourages her students to join, particularly because of the quality of the events – including the programme of webinars that had developed during Covid and helped to build a new online community.

She then proceeded to hand out the two prizes awarded for the Ian Cullen Research Prize. The Under-30s prize went to **Andrew Blennerhassett** of Savills for a paper entitled *Semiconductors and the logistics sector* - a sector which she stressed didn't even exist when the SPR was founded. Subsequently she presented the Open Prize to **Alexey Zhukovskiy, Ismail Mejri, Irene Foss** and **Hans Vrensen** of AEW for their paper on *the Next wave of physical climate risk*.

Towards the end of the dinner the raffle prizes were presented by **George Armitage** of Oxford Economics and **Mark Stansfield** of CoStar, the latter employing

some deadpan stand-up delivery to much hilarity. The prizes included a £250 token from CoStar, an English sparkling afternoon tea from Cromwell Property Group, a book token and chocolates from PMA, a boxed wine set from Savills, champagne from Oxford Economics and Income Analytics, a piece of artwork donated by Yi Wu and three hampers donated by the SPR committee. In total, the raffle raised an impressive £1698.00.

Many of the diners stayed on for post-dinner drinks back in the Churchill Bar, which brought this memorable event to a fitting close.

Social Events

SPR Golf Day

Letchworth Golf Club
28 September 2023

Last September saw SPR members gather for the annual golf day at Letchworth GC. Despite COVID-driven dropouts in the days leading up to the event and a threatened storm the night before, the day was well attended by both seasoned golfers playing the Heritage course, and those new to the sport and keen to try the game in a safe and fun environment. Despite its remaining overcast, the day remained dry, and was enjoyed by all.



Damian Harrington

Our newcomers' group were run through all the various areas of the game by teaching professional Matt, working through putting, chipping, and full shots, before heading to the Academy Course for a team scramble competition. Matt was hugely complimentary about the enthusiasm the whole group showed, noting it was a particularly enjoyable group to have worked with for the day. While out on the course, the group also played a nearest the pin competition which was won by Dan Hill, while Matt noted Kate Rosser as the member of this group who had most impressed in terms of development through the day.

Our regular golfers enjoyed the challenges of Letchworth's Heritage course. On the way round, the

nearest the pin competition on the par 3 14th was won by Warren Campbell-Johnson, while Damian Harrington took the longest drive on the 18th with a massive hit of over 300 yards. The four groups played a team competition, with the best two of each group's scores counting on each hole, and this was won by Paul Stewart, Alistair Walters and Mike Bessell (doubtless aided by the benefit of local knowledge in steering the team around the course).



Matt Hall

Spearing with an excellent 37 points, including being only one over par for the first 9 holes. Congratulations are due for a very solid sporting performance!

Mike Bessell

The SPR would like to thank Mike Bessell, Damian Harrington and Paul Stewart for all their help with this event.

The competition for the coveted SPR Golf Day trophy saw a strong fight for the lesser medals, with Paul Stewart and Oli Geen on 31 points and Damian Harrington on 32 points. However, the honours for the day were taken by Chris

SPR Wine Tasting

Savills, 33 Margaret St, London W1
28 November 2023

Following on from last year's success, this year's SPR wine tasting was once again run by SPR committee member Joanna Tano and her husband Rob, who holds a diploma in wine from the Wine & Spirit Education Trust (WSET, <https://www.wsetglobal.com/>) and is a qualified wine educator.



Rob & Joanna Tano

Those who attended last year were reminded of the wine tasting acronym BLIC, standing for the following:

B: Balance – is the flavour harmonious, do the components blend well together? Is there enough acidity to balance the alcohol and fruit, for example?

L: Length - how long do the flavours linger on your palate? In general, the longer the flavours last on the finish, the better quality the wine.

I: Intensity – what is the strength of flavours? Can each flavour be easily distinguished?

C: Complexity – how many different layers of aromas and flavours can you find in the wine?

This year's event focused on how different regions and climates can influence the flavour of a wine. We concentrated on two grape varieties – chardonnay and cabernet sauvignon - with three wines to taste and assess under each variety. Both grape varieties are relatively easy to grow, highly productive and tend to adapt well to different locations and climate, but will vary in taste depending on both, plus of course what the winemaker chooses to do during the production process.

For the white wines, the grape of choice was Chardonnay. The Chardonnay grape is the second most widely



planted white grape (Airén, a Spanish grape unknown to most but used to produce brandy and sherry, is the most widely planted!). The first white wine tasted was Jean-Marc Brocard's "Vignobles Sainte Claire Chablis Vieilles Vignes, 2021". Made from old vines that are more than 70 years old, produced in stainless steel and unoaked, this is your classic example of a cool climate Chablis. The rule in Chablis is that wine must be produced from 100% chardonnay grapes.

Following on from this was a South African chardonnay, located in Stellenbosch. This was Vergelegen Estate's "Reserve Chardonnay, 2021", grown in a moderate climate. Barrel fermented and matured, the wine had buttery notes, complemented by a lemony freshness. The final chardonnay was a Californian one from Sonoma County - "Hanzell Vineyards 2018". This hot climate chardonnay was the preferred wine of most. Produced using oak barrels, the buttery, vanilla flavour



with apple, peach and nectarines flavours was a winner. It was also the most expensive of the three whites, and the quality of this wine shone through.

And then onto the red wines, where we highlighted the cabernet sauvignon grape, the most widely planted red wine grape variety. We

started with a wine from Saint-Estephe in Bordeaux, “Chateau Cos Labry 2014”. Saint-Estephe, on Bordeaux’s left bank, is close to the Gironde River which helps to cool the climate here. The second red was a South African one; “Aslina by Ntsiki Biyela 2020 (Stellenbosch)”. Our final red was from Western Australia, a hot climate which helps to produce a super ripe grape with strong blackcurrant/cassis and plum flavours. The “Vasse Felix Margaret River Cabernet Sauvignon 2019” was favoured by many, although bottle number two also proved popular.

The evening was rounded off with charcuterie and cheese, and more discussions over the wines tasted.

Becci Williamson & Joanna Tano

Webinars/Seminars

SPR/IPF European Outlook Seminar
Schroders, 1 London Wall Place, London EC2
20 September 2023

Waiting for a window of opportunity

Speakers at this seminar agreed that economic prospects for Europe in 2024 remained weak, with inflation and high interest rates set to continue well into the new year. Real estate market activity was also showing little sign of recovery and prices might have needed to adjust further before levels picked up. However, times like these can be when opportunities start to arise for real estate investors. Occupational demand across Europe remained strong and there had been a lack of development, in part due to recent high building costs. Meanwhile logistics operators were looking to strengthen their supply chains in light of greater geopolitical risks, potentially bolstering the demand for properties in the sector.



The darkest hour is often just before the dawn. Likewise, after a period of real estate market crisis, the best investment vintages often emerge, stressed **Oliver Kummerfeldt** of Schroders Capital, who spoke at this event. In a presentation that looked for the brighter

spots in what was a generally gloomy outlook for Europe, he proposed that the yield decompression seen in 2022-23 was now slowing, with the possibility that pricing could stabilise in the next few months. Furthermore, global managers have been left with a lot of 'dry powder' from more prosperous times that they will still need to invest.

Innes McFee of Oxford Economics, who gave the opening macroeconomic view at this joint SPR/IPF event, agreed that 2024 would be a year of weaker economic growth in Europe, with inflation continuing at elevated levels and interest rates therefore needing to remain higher than historically. However, Kummerfeldt mentioned that his own organisation's view is for rates to start coming down later in 2024, although he admitted that this was somewhat 'off consensus'. McFee stressed that the link between wages and inflation had been strengthened, particularly in the UK, meaning that price rises were in danger of becoming entrenched.



Innes McFee

Turning to real estate, McFee saw signs of recovery in valuation-based indices but noted that these did not seem to be borne out in the marketplace. Meanwhile market sentiment was extremely weak, while the current cost of debt implied a further price reduction of around 10% before prime offices in London or Stockholm would be affordable for leveraged buyers. However, one advantage of the high cost of debt was that development was no longer viable, meaning that the supply of space was static, giving values a foundation from which to come back relatively quickly.

Kummerfeldt emphasised the lack of development taking place in European offices, particularly due to high construction costs. Leasing activity had been slowing but there was still activity from occupiers searching for more modern space, and this was resulting in a very polarised market. The situation is very different to the US where occupancy has been much lower since the pandemic, due to the unattractive nature of many office locations, relatively long commutes, and more spacious domestic housing, he proposed. There is also a huge opportunity to

upgrade European stock to be ESG compliant, given its comparatively old age.

Also on the plus side, he noted that European logistics are seeing low vacancy with supply remaining restricted, while many tenants have been strengthening their supply chains by onshoring and nearshoring, as well as diversifying their supply sources geographically, all of which have bolstered the demand for space. And despite the overwhelming impact of inflation on consumers, there are some patches of light in the retail sector, for instance in the growth of discounting.



In the panel discussion that followed, led by **Alan Dalglish**, chair of the Property Research Trust, Kummerfeldt noted that there had been little distress in the market as yet, with investors largely selling assets selectively rather than being forced to sell,

although the need would increase if markets continued to stagnate. The speakers agreed that some of the biggest downside risks – apart from inflation – now stemmed from geopolitics; what Kummerfeldt described as ‘interesting times.’ China was a big worry, but it would be important for real estate investors to distinguish between short-term ‘noise’ and longer-term influences. And he stressed that Europe still has advantages such as transparency, liquidity and (relative!) political stability which should continue to attract investment in its real estate – and there would be many opportunities opening up to provide for an ageing population, for example.

Joint SPR and SPE Seminar: Prospects for the Housing Market: a building storm?

BNP Paribas, 5 Aldermanbury Square, London EC2
5 December 2023

Successive UK governments have failed to hit housing targets, resulting in a 2.3 million home shortfall.

In 1998, the median house price was four times the average annual salary, but this has now risen to seven and a half times and is even higher in London. One possible solution could be to build on green belts, this seminar was told. Transactions activity among real estate investors is low and is likely to remain so into 2024, with those investors that are currently active most interested in student housing and senior living.

Speaking at a joint SPR-SPE (Society of Professional Economists) seminar, **Rebecca Shafran**, senior associate director of alternatives research at BNP Paribas Real Estate explained how high construction and rising labour costs are limiting the development pipeline across the UK. In addition, 14% of existing stock is not fit for purpose and fails to meet a “decent” standard.



Rebecca went on to describe how the lack of supply is exacerbating the affordability crisis – fewer people under the age of 35 are able to own their own home than ever before with “Help to Buy” ending, combined with a weak economy, the cost-of-living crisis and high mortgage rates.

Paul Cheshire, Emeritus Professor of Economic Geography at the London School of Economics, said that the inelasticity around planning is at the root of the lack of supply and claimed the solution is to build on green belts.



Paul explained how building on brownfield land was not the answer, as it is often in the wrong place and doesn't have the required infrastructure to make the homes attractive and

accessible. Green belts were put in place in the 1950's and restrict development in places where it's needed the most. The audience heard how green belts aren't always so green - in fact the most common use of green belt in the UK is for intensive agriculture, which is not just bad environmentally but also destroys biodiversity.

In 1998, the median house price was four times the average annual salary, but this has now risen to seven and a half times and is even higher in London. This affordability issue and lack of housing creates social tensions.

Rebecca highlighted the current situation for real estate investors, stressing that transaction activity has been way down in 2023 and is expected to continue to be low in 2024. To entice buyers, sellers are offering an average 10% discount, the largest in five years according to Zoopla's database.

Investors that are active are showing interest in student housing and senior living, both of which are supported by strong demographics. There is forecast to be a 620,000 shortfall in student beds by 2026



Stephen Meredith

combined with strong growth in international students, particularly from the Middle East, Asia and Africa. With regards to senior living there is a 487,000 shortfall in accommodation combined with an ageing population, particularly in rural and peripheral areas.

Paul finished his presentation by claiming that unfortunately the outlook for UK housing is bad, and that planning for the sector has generally been abandoned. Only 33% of local authorities have a housing plan.

The event was chaired by **Stephen Meredith**, Senior Economic Adviser, Department for Levelling Up, Housing & Communities, and kindly hosted by BNP Paribas.

Alex Dunn

Joint SPR and IPF Seminar: The Outlook for UK Property

Allen & Overy, 1 Bishops Square, London, E1
9 January 2024

Inflation still clouding the view

Real estate investment markets are expected to remain becalmed well into 2024, this industry start-of-year showpiece event heard, even though return prospects appear positive for the year to come. Much will depend on when and how quickly interest rates start to come down, a question that saw considerable debate among the speakers. Having performed surprisingly well over 2023, equities now look expensive but the advent of AI could mean prospects remain for further growth. Meanwhile, bonds still have attractions for investors seeking assets with durable income. Nevertheless, a high degree of economic uncertainty persists, heightened by geopolitical risks.

Even if inflation is clearly falling in the UK and internationally, policy makers' focus on the issue is likely to limit the prospects for recovery in the short-term at least. In an event that featured



three economists, **Azad Zangana** of Schroders stressed that core inflation remains stubbornly high in the UK and may continue into the medium term due to labour shortages and costs associated with the climate crisis. And with the cost of essentials such as fuel still elevated, consumer confidence remains weak, even if mortgage rises have proved to be less painful overall than some may have feared. Zangana suggested that investment markets may be relatively positive based on the expectation of big rate cuts over the year to come, but this could be too optimistic.

Rupert Watson of Mercer, taking a global multi asset class perspective, did take a rather more positive view,



proposing that despite the rally in gilt and equity values last year, investors might still see the potential for further growth. Demand for gilts continues to be buoyed by investors' desire for duration, and while the 'Magnificent

Seven' US tech stocks are undoubtedly looking expensive, the potential of AI could mean that their upswing has not yet run its course. Meanwhile Asian markets appear better value, with Japanese stocks likely to benefit from the cheapness of the Yen and the economy finally 'turning a corner' after the long era of deflation. Watson is therefore expecting a 'soft landing'; for Mercers staff this means no business class travel and a ban on hiring, but not the aggressive cutbacks and redundancies associated with a 'hard landing.' Meanwhile 2025 should see a good recovery.



Turning to real estate in particular, **Sabina Reeves** of CBRE Investment Management examined the two sides of the market outlook coin. On the one hand capital markets remain

doggedly in the doldrums after three years of 'brutal

adjustment' following the 'methadone' of QE. Although there had been some 'price discovery' through 2023, there is still some way to go before sellers will be enticed back into the market, despite there being significant capital allocated to the sector and waiting to be placed.

Nevertheless, CBRE IM are forecasting a healthy 8% total return for UK real estate in 2024, she explained. Underlying this they see living, logistics and 'next generation' sectors as relatively well placed, even if Reeves noted some danger of 'structural obsolescence' among older logistics assets due to the growing need for compatibility with robotics. She also suggested that there could be a 'tactical' play towards raising the allocation to retail, with favourable yields now available in good locations. She concluded by observing that while we may be through the worst of the downturn, a capital market revival may take a few more months to materialise.

In the subsequent panel discussion, which was moderated by **Anne Breen** of abrdn, who also chaired the seminar, Zangana and Watson debated the likely medium-term rate of inflation. Zangana



tended towards 3%, while Watson suggested the figure could get down to 2%. The former noted one effect of deglobalisation might be to raise the cost of manufactured goods, but the latter saw the impact of AI and Indian economic development as working in the opposite direction. Answering an audience question on the importance of the climate crisis for real estate investors, both Breen and Reeves stressed that this issue was now integral to their businesses, even if real estate is only just starting to develop the information sources it needs to respond. Reeves also said that it very much depends where one is based, with UK and European investors far more engaged than those elsewhere around the world.

Roundtable Meeting

SPR Roundtable: The Gender Pay Gap
Colliers, 95 Wigmore St, London W1U
19 September 2023

Mind the pay gap

The 2023 SPR Salary Survey found a pay gap of 14% between men and women, which disappointingly was up from 9% in 2021. This was likely to have resulted from there being more men than women in senior positions and was most significant for the age range 31-40, the childbearing period. Reasons for the pay gap may not just relate to employer bias but also to women's reticence in putting themselves forward. This is despite growing evidence that firms with more women in senior positions are more profitable. Potential solutions to the pay gap include equalising paternity and maternity leave, and more education to overcome unconscious biases.

“What an insightful and engaging discussion. I am a firm believer that having these discussions is so important in keeping the issues alive and there is always that light bulb moment. My key take away is that we have made huge progress in benefits, helping us to level the playing field, but to really move the needle we need to normalise take up of these benefits and that is something I will be focussing my efforts on.”

– **Lydia Ings**, HR Director at Colliers.

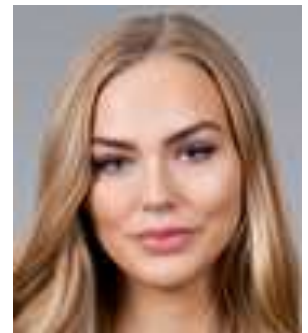


In this roundtable discussion on the gender pay gap, Lydia Ings set the scene by clarifying the often-misused terminology surrounding the gender pay gap. The gender pay gap is calculated by

taking all employees in an organisation and comparing the average between men and women. Employers must report and publish their gender pay gap

information yearly under the Gender Pay Gap Legislation 2017. Equal pay, on the other hand, refers to equal pay for equal work. Women and men are legally entitled to be paid at the same rate for like work, work as equivalent, and work of equal value in the UK under the Equality Act 2010.

Some key findings from the SPR's Salary Survey 2023 were then covered by **Sara Lindblom** at Colliers. Disappointingly, the gender pay gap is 14% in 2023 (up from 9% in 2021). This is likely due to the noticeable “role gap”, i.e., less women in senior positions. The gender pay gap was the most significant between ages 31-40, which is the typical childbearing age for women.



Another aspect that was discussed was why there is a gender pay gap in the first place. For example, one study mentioned, from The University of Kent, found that men are more likely judged based on their potential and women are more likely judged based on their past performance. Another study mentioned, from Hewlett Packard, found that on average men apply for a job when they meet only 60% of the qualifications, but women apply only if they meet 100% of them. Harvard Business Review also found that women tend to undersell their work, rating their performance as 33% lower than their equally performing male colleagues. Women are also less likely to ask for a pay increase and to put themselves forward for promotions.

The discussion then continued around research findings supporting having women in senior roles from a financial perspective. A couple of standout examples were from The Pipeline: Women Count 2022 report, which found that FTSE 350 companies that have female executives on their Executive Committees are more profitable than companies that do not. Yet nearly 70% of companies in the FTSE 350 have no female executives at all on their main boards. Another reason to have women in senior positions is to adapt to changing social and consumption trends, as women

now have a major influence on purchase decisions. McKinsey's Women Matter Report found that in Europe, women are the driving force behind over 70% of household purchases, although they account for around half of the population.

What are the solutions?

The group discussed various potential solutions and one main takeaway was the importance of equal maternity and paternity leave. As the gender pay gap is the widest during typical childbearing age, it emphasises the extent that women are held back in their careers compared to men, by choosing to become a parent. Other potential solutions discussed included increased education on unconscious biases, transparent pay ranges for different roles as well as the option to pay childcare costs on gross income.

Disclaimer: this discussion was mainly focused on the gender pay gap between men and women. We are very aware that there is a gender pay gap for transgender people, and we think that this is a very important topic to focus on in the future. In addition to that, pay gaps for ethnic minorities, social-economic background and LGBTQ+ were not explored in this discussion due to the topic on gender.

Sara Lindblom

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