SUMMARY OF SOCIETY OF PROPERTY RESEARCHERS EVENTS

SOCIALS




SITE VISITS


SEMINARS

RECENT EVENTS

UPCOMING EVENTS

Upcoming Events – details of these will be uploaded on to our website as finalised followed by registration details

7th September 2018 – Annual SPR Golf Day
14th September 2018 – Joint Seminar with IPF: Global Property Capital Flows
23rd October 2018 – SPR Annual General Meeting and Annual Dinner
6th November 2018 – SPR European Seminar
13th November 2018 – SPR Talent Seminar

Annual SPR Golf Day – 15th September 2017
Silvermere Golf Club, Cobham, Surrey

Sponsored by:

The SPR Golf Day 2017 was a big hit, with 25 members enjoying a great day out in the sunshine. This year, it was an honour to welcome back former 2006 Champion of the SPR Golf Day, Paul Ives.

The event, kindly sponsored by Real Capital Analytics and Property Data, started with time to network and catch up over bacon rolls and coffee, before a practice session with professional golf coaches on hand. This was followed by an 18-hole competition, with many prizes up for grabs for a wide range of achievements.

Prizes awarded over a BBQ supper included the overall winner Nick Robinson from BNP Paribas, scoring 36 points from a 24 handicap. Congratulations to Nick and all the other prize winners, and thanks to all of those who participated, making the day such a great success.

Full list of prize winners:

Nick Robinson, BNP Paribas: 18-hole Competition

Ben Durrant, TH Real Estate: 1st Runner Up

Nick Gregori, Savills: 2nd Runner Up (tied)

Paul Stewart, Barings: 2nd Runner Up (tied)

Paul Stewart, Rachel Arden-Davis, Chris Bullock and **Mark Espinet**: Team Winners

Damian Harrington, Colliers: Longest Drive (on the range and on the course, 290 yards)

Simon Mallinson, Real Capital Analytics: Closest to the Pin (within 5 feet)

Craig Wright awards Nick Robinson the 18-hole prize

SPR Annual Dinner – 9th November 2017
The Royal Automobile Club, 89 Pall Mall, St. James's, London SW1

Sponsored by:

More than 150 SPR members – over a quarter of the Society – enjoyed the SPR's 30th Annual Dinner in the elegant surroundings of the RAC Club in London's Pall Mall, the first time this venue had hosted the event.
Kiran Raichura, SPR Chair

The dinner – which was kindly sponsored by Cobalt Recruitment and Oxford Economics – included speeches by outgoing chair Vanessa Muscarà and new chair Kiran Raichura.

Vanessa described the highlights of a busy year that included the 30th Anniversary Conference and launching the new SPR website, while Kiran explained the theory behind the choice of this year's chosen charity for the dinner raffle – The END Fund. The aim was to identify a charity with a big potential impact in an area receiving little attention from other charities.

The END Fund is a leader in the global health movement to tackle neglected tropical diseases, and works collaboratively with committed partners, including global health organizations, that aim to improve the lives of hundreds of millions of people.

Due to the generosity of the diners – and of the companies who donated some fantastic prizes, including Fortnum and Mason hampers and an Echo Dot – the raffle raised £1,266 for the charity.

The dinner also featured a provocative speech by Paul Thomas, the BBC Wales 'Business Doctor.' Interacting with the audience on a number of occasions, Dr Thomas suggested that business leaders need a human touch and a willingness to be an integral part of the team – something that many find difficult. He also proposed that when trying to win over a group of employees, one should on no account be caught drinking from one of their personal mugs.

<u>King Pin Bowling</u> – 21st February 2018

All Star Lanes, Spitalfields Arts Market, 95 Brick Lane, London E1

Six teams of property researchers took to the All Star Lanes in Brick Lane for the first SPR social event of 2018, King Pin Bowling.

Savills entered two teams in the competition, with one ('Strike Barnes and the Funky Bunch') coming out on top. They received prizes during the post-match refreshments.

Strike Barnes himself (AKA Mike Barnes) also won the prize as the leading individual bowler with 159 points, his colleague Nick Gregori coming second on 136.

Lucy Greenwood, SPR Committee Member, awards Mike Barnes his prize

PMA and CBRE entered single teams, and there were also two mixed teams, with JLL, Schroders, Knight Frank, UBS, Invesco and Capital Economics providing players. To make sure Savills didn't have it all their own way, one of the mixed teams took second place in the team competition.

Annual Quiz Night – 25th April 2018

New Moon Pub, Gracechurch Street, London EC3

In a close-fought contest, *Team BRIXIT*, a joint Schroders and Grosvenor consortium, beat *Quizzing to Solve the Housing Crisis*, the team from Savills, into second place – with scores of 75.5 and 74 points respectively. *The Wolves of Warwick Street*, representing JLL, came third with 71 points.

Team BRIXIT – made up of Jeremy Marsh, Mark Callender, Ed Clampitt, Tim Francis and Sam Monger – were inexplicably booed when the team names were announced by quiz-master Andrew Marston at the start of the evening. But it was all smiles at the end of the night, when they had overhauled reigning champions Savills by a slender margin to take the coveted SPR Quiz Trophy.

Andrew Marston was also to be congratulated for putting together an intriguing mix of questions that had something for all ages and interests, making it an enjoyable evening for each of the 12 teams that took part.

Nova Building – 18th September 2017
Westminster, London SW1

Visit hosted by Landsec

The Nova Building is a landmark development that will soon be familiar to those arriving at Victoria Station. Landsec, who are joint owners with CPPIB, describe the project as ‘a game changing mixed use scheme, delivering world class offices, contemporary apartments and some of London’s most exciting eateries.’ The office space is divided between two buildings – Nova North and Nova South – with a total floor area of 480,000 square feet, while there are 170 apartments including a number of penthouses. A further office building is also planned.

Justin Black and David Atcherley-Symes of Landsec guided SPR members on a highly informative tour

covering each of the building’s uses. Black explained that 53% of the office space is currently let, which is even greater progress than they had envisaged when the project was completed in April. Atcherley-Symes explained how Landsec have been enhancing the retail offer around Victoria through their other schemes.

For the ground-level space at Nova the approach has however been somewhat different, very much concentrating on the restaurant offer so as to meet the demands of the office and residential tenants of the development.

The overall objective is to encourage a wider range of tenants and visitors than the government departments who have previously dominated the Victoria area.

It was clear that this is likely to be one of the most desirable residential addresses in London’s West End, especially with the views looking down on Buckingham Palace from a number of the apartments. SPR members were particularly impressed by the £5m+ ‘Nova Penthouse’ and the residents’ cinema.

Bluewater - 9th March 2018
Bluewater Shopping Centre, Bluewater Parkway, Greenhithe, Kent

Visit hosted by Landsec

A dozen SPR members enjoyed a two-hour visit to the landmark shopping centre, led by Landsec, the property's joint owners and managers.

Robert Hardie, (Senior Portfolio Manager, Retail), Craig Flanders (Portfolio Surveyor) and Jennie O'Connell (Senior Consumer Insights Manager) shared their knowledge of the centre in a presentation at the start of the visit.

They explained how the centre is constantly being refreshed with the entry of new tenants, particularly international brands, and through changes in the design of the units. Successful online retailers are being encouraged to take space, as in the case of Missguided – shown below – which has opened one of just two UK stores here. Shop units are gradually growing in size as more retailers are looking for a showroom function as part of their multi-channel offer, not just selling space.

Consumer research is of great importance for Landsec, as a way of understanding how the centre's guests use and feel about it, from the stores they visit through to the public facilities and catering services they use. Combining this with demographic and lifestyle information, Landsec have built up a detailed profile of the typical Bluewater visitor. One conclusion of this research has been that a Primark store needs to be added to the tenant mix, and indeed warrants the construction of a special 62,000 foot space on one side of the centre (photo below). Another finding was that visitors would like more Asian food in the catering offer and less Italian.

The managers are constantly looking to boost visitor numbers and raise dwell-times, not just through the range of shopping but also from other attractions. For instance, the last few summers a Bluewater beach has been created next to the centre and has proved hugely popular with families, who form a big share of its guests.

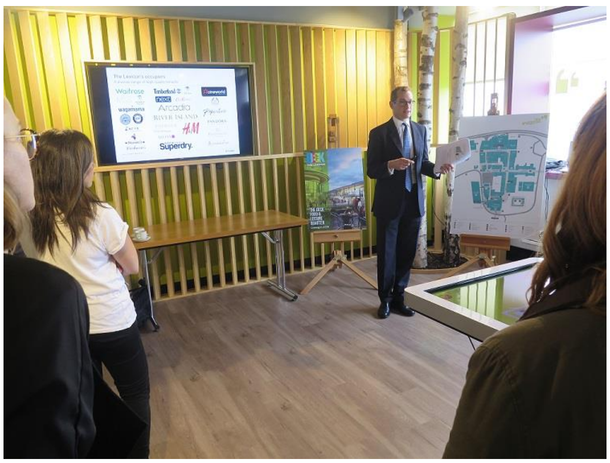
After the presentation, the Landsec team, including General Manager Robert Goodman, who has worked at the centre since it opened in 1994, led a tour, highlighting some key examples of retail space innovations, such as the redesign of Next with an external glass wall to allow natural light in, and the Tesla car showroom. SPR members also benefited from the chance to question the team further during the tour.

The Lexicon – 25th May 2018

Lexicon Shopping Centre, Bracknell, Berkshire

Visit hosted by Schroders

The development of the Lexicon Shopping Centre has completely transformed the centre of Bracknell since it began in 2011.



Harry Pickering, Investment Manager at Schroder Real Estate Investment Management, joint owners with Legal & General, explained the history of the project to a group of SPR members before leading a tour of the site.

Bracknell is the first post-war new town whose centre has been redeveloped in this way. The Lexicon has boosted the town's image and helped foster a sense of community that was lacking in the past.

The Lexicon is anchored with one of the few Fenwick stores outside London. It also includes the largest green wall in the UK. (photo below)

The cost of the development, which contains around one million sq. ft of retail, restaurants and leisure space, currently totals £240 million.

Joint SPR/IPF European Outlook Seminar: *Property Cycles in Continental Europe* – 14th September 2017

Freshfields Bruckhaus Deringer, 65 Fleet Street, London EC4

Property researchers shouldn't just rely on cyclical patterns when predicting where markets are heading next, proposed **Andrew Burrell**, Head of EMEA Forecasting and Economics at JLL, speaking at the seminar.

Most forecasts point toward an orderly correction in European markets as the current cycle moves into its latter stages, and as there isn't much sign of overbuilding or overborrowing as yet, a conventional analysis of the financial underpinnings of the present cyclical position point to a similar conclusion.

Burrell noted that there had been a revival of interest in the real estate cycle around 2014-15 when European markets started to boom, with the inevitable questions about when the upswing would end and how bad the downturn would be. This perennial fear is rooted in the knowledge that no recent cycle has ended well. Real estate cycles have attracted considerable research, most notably in recent years by Robin Goodchild – so the mechanisms of the cycle, particularly in the UK market – are relatively well understood.

However, very low interest rates mean that we are now moving through uncharted territory, and therefore comparing current market conditions with those of past cycles could potentially be misleading.

Burrell suggested that the pattern of Continental European cycles has recently been very similar to that in the UK, but some markets now look more overvalued than others, and most of these are in the Eurozone rather than the UK – a distinctly different situation to that prevailing a couple of years back.

Kiran Raichura, Capital Economics' European Property Economist, agreed that 'commercial property pricing is beginning to look frothy' in the majority of European markets, while investment activity is continuing to rise across the continent. Capital Economics' model expected values to keep on rising through 2017 and 2018, even though it found many office markets – including Oslo, Berlin, Dublin, Munich and Vienna – to be overvalued. The model expected yields to compress further before values eventually fall back between 2019 and 2021. The Eurozone recovery still has some QE-driven momentum left, Raichura suggested, meaning that interest rates here are unlikely to rise before 2019.

In many cases European markets may still offer relatively good value compared to other global regions, even if GDP growth prospects look relatively restrained. But 'late cycle investing' means investors need to pick markets carefully, said **Greg Mansell**, Head of Research Real Assets at AXA REIM, particularly in terms of identifying where rental growth could come through.

He suggested one way is to find centres with the potential for growth in "knowledge capital," as seen through the generation of patents, digital output and research. Paris, London and Stockholm looked strong in this respect, while alternative or emerging sectors including logistics, hotels and healthcare could also have strong potential. For logistics location is key – London, Milan, Madrid, Barcelona and the Rhine-Ruhr area all look well placed – while hotels and healthcare benefit from demand that is largely independent of the business cycle.

In the closing panel discussion, led by **Neil Turner**, Burrell suggested that the end of the current cycle would probably be instigated by an unpredicted economic event, which by definition would be difficult to foretell. Placing real estate in the context of other asset classes, Raichura proposed that it was now expensive relative to equities but fair-priced against government bonds and cheap compared to corporates. If anything was clear, it was that signals were mixed.

Joint SPR/ULI European Logistics Seminar – 28th November, 2017
Cushman & Wakefield, 125 Old Broad St, London
Kindly hosted by CUSHMAN & WAKEFIELD

Speakers at this event confirmed that even though logistics has been one of real estate's strongest sectors in recent years, plenty of potential for future growth still remains.

Speaking first, **Alex Lund** of M&G Real Estate explained that European logistics real estate is a highly competitive investment sector with limited supply. Nevertheless, it promises to provide healthy future performance, driven by strong fundamentals and the growing cohesion of European economies.

Logistics is recognised as a core pillar of economic growth by European governments, a fact reflected in the Trans European Transport Network Infrastructure ('Ten-T') Project, which promises to boost logistics by spending €700 bn on infrastructure improvements by 2030.

Meanwhile online sales continue to grow apace across Europe, even if the integration of national markets is still in its infancy. Implementation of the EU's Digital Single Market should help speed up this process.

Lund explained how it is possible to compare the level of access to digital goods and services across European countries using M&G Real Estate's Digital Economy and Society Index (DESI). Focusing on those elements of the index that relate most strongly to logistics – connectivity, use of the internet and the integration of digital technology – Denmark, Sweden and the Netherlands appear to offer some of the strongest opportunities for logistics investment today. But based on the speed of adopting digital – more important when assessing future rental growth potential in logistics – Italy, Ireland and Spain stand out.

Lisa Graham of Cushman & Wakefield spoke specifically about urban logistics, defined as the final stage in the distribution of goods to consumers living in urban areas and also sometimes referred to as 'last mile delivery.'

She argued that this is a key segment for growth, due to rising urban populations and the expansion of e-commerce: overall, 50% or more of European supply chain costs are tied up in urban logistics. From the perspective of real estate requirements, urban logistics usually means relatively small buildings of up to 7,000 sq.m., often repurposed from other uses, and ideally with the right balance between location and functionality.

Cushmans' research on Europe suggests that London is set to see the biggest space requirement for urban logistics in the medium term, followed by Germany, Warsaw and Spain. Yields on such assets, which currently sit in a broad range from 5-7%, should prove sustainable due to the relative lack of land available in the right locations. These properties are also likely to have strong potential for conversion to higher value uses including residential and mixed-use schemes.

Graham stressed that the strong performance potential of this segment will not change due to technological innovations like driverless vehicles and drones – as these will remain very much on the drawing board for years to come. In the medium term 'virtual logistics' could prove more important – for example, placing parking pods for electric delivery bikes in existing underground carparks.

Tommaso Franzolini of Scott Brownrigg led a panel discussion including **Logan Smith** of BNP Paribas Real Estate and **Martina Malone** of Prologis, which considered the prospects for different locations and types of logistics property. Smith stressed that despite its current fashionability, the supply of logistics development is quite uneven across Europe, meaning that investors and developers need to be very aware of specific location conditions, as this can make a big difference to the potential for rental growth. Malone also emphasised the importance of access to skilled labour, as this is becoming increasingly fundamental to the operations of logistics. The panel echoed Graham's view that logistics technology is still in its infancy, both in the use of big data for analysis purposes and the development of new delivery systems.

Joint SPR / IPF Outlook for UK Property 2018 – 9th January, 2018
Allen & Overy, Bishops Square, London, E1

This major event in the property investment calendar was chaired by **Andy Martin**, Chief Executive, BNP Paribas Real Estate.

Brexit continues to cast its inevitable shadow over the UK economy. **Loretta O'Sullivan**, Group Chief Economist at the Bank of Ireland, noted its twin influences – a weak pound and growing caution in the minds of both the UK consumer and its businesses. The latter is clearly limiting growth prospects compared to pre-referendum forecasts. Consumer sentiment stands at a four-year low, though consumer credit continues to grow quite rapidly, even if there are some signs of softening. Meanwhile investment intentions are also weak under the ongoing influence of Brexit uncertainty, something that is not helping the UK's ailing productivity. Bank of Ireland are forecasting GDP growth of 1.4% for 2018, somewhat down on the previous year's figure. O'Sullivan also flagged that the growing current account deficit could herald a loss of confidence among investors.

Fredrick Nerbrand, Multi-asset strategist at BlackRock, believed that inflation could be the biggest sticking point for global asset markets in the months ahead. GDP may still be moving forward in most regions, but the momentum looks set to slow, especially if interest rate hikes gather pace in the US, which could happen if Trump's fiscal expansion feeds through to prices. European equity markets should still benefit from liquidity, but the same can't be said of credit markets, where yields are relatively low and there is little room for manoeuvre. Real estate could be in a similar boat, as evidenced by the growing hunt for yield in some markets.

Emerging markets equities have been performing particularly well of late, with earnings growth starting to feed through. But after such a long period of market support asset values have become inflated in many countries. The focus of investors is inevitably now shifting towards protecting against downside risks.

Tony Brown, Chief Investment Officer at M&G Real Estate, suggested the current UK property market is like a crème brulée: They are both hard and sweet on the surface but soft and sticky underneath. On the sweet side, returns were holding up well, with the MSCI/IPD index set to breach 10% for 2017, something few predicted at the start of the year. UK property still looks reasonably priced, and the recent weakness of secondary asset values could provide opportunities in the years to come – as long as the worst kind of Brexit can be avoided.

But on the sticky side, Brown cautioned that market demand is heavily dependent on overseas investors, particularly those from Asia. Their appetite could be quelled by new restrictions on exporting Chinese capital and the end to the exemption from capital gains tax for investors into the UK. The rising tide is no longer floating all boats, as the market for secondary assets is clearly weaker than for prime, in part because Brexit uncertainty is making investors more risk-averse. This could however mean there are more attractive buying opportunities, perhaps in regional cities and some parts of the logistics market.

Returning to Brexit in the closing panel discussion, all of the speakers verged towards a moderately favourable settlement as the most likely outcome.

Joint SPR/IPF/INREV Seminar: Nick Tyrrell Research Prize – 8th March, 2018

Simmons & Simmons LLP, One Ropemaker Street, London EC2

Paul McNamara, who chaired the meeting, declared that the quality of the 22 entries for this year's Nick Tyrrell Research Prize was very strong, perhaps even exceeding the high bar set in previous years. Entrants not only came from the UK, but also elsewhere in Europe (as in the case of this year's winner) and from Asia. It was particularly gratifying that a larger proportion of the papers had been produced by industry research departments as well as by academia – and as always they covered a wide range of topics.

Dr Avis Devine and **Dr Erkan Yönder,** who won the 2017 prize with their paper 'Decomposing the Value Effects of Sustainable Real Estate Investment: International Evidence,' presented their work at the meeting.

Introducing the paper, Dr Devine noted that recent research has confirmed the property-level benefits of sustainable buildings in terms of asset value premiums and tenant satisfaction. But so far the portfolio benefits have not been as clear. There has been some work on the corporate benefit to REITs of owning energy efficient buildings – with evidence of higher corporate valuations and lower risk and finance costs – but as yet there is little evidence of the mechanisms underlying these benefits, or how they differ from country to country. The research aimed to bridge the gap between the property and portfolio level studies that have been undertaken in the past.

The research looked at both the operational and value effects on US and UK REITs from owning sustainable buildings. The buildings were defined by energy-use certifications including LEED and BREEAM, while the 'greenness' of the portfolio was measured using a 'green-share' methodology. Green share was established by using GIS software to geocode the REITs' properties and match the addresses with those provided by certification bodies.

The work tested the relationship of green share with valuation effects. For example, as sustainability practices are associated with increased transparency, an impact may be expected on stock liquidity and trading volumes. Or they may improve corporate reputation, creating a market value premium in excess of the value from operational benefits, which should be evident from the relationship between market value and net asset value.

Using data for the period 2000-2014 in the US and 2009 -2014 in the UK, Devine and Yönder concluded that a higher green share had benefits both at the operational and value level, though this was clearer from the US data than for the UK. On the operational side, there were higher cash flows and lower corporate-level expenses, in particular interest payments. And from a valuation perspective, green REITs were seen to trade at a higher relative value (price/NAV) while their risk (market beta) was substantially lower.

These findings confirmed that property-level benefits were being transmitted to the firm level.

One other notable – and perhaps counter-intuitive – finding was that REITs with a high green share had larger operating expenses as well as higher cash flows. Clearly sustainable buildings tend to have more sophisticated operating systems, so perhaps this shouldn't really be a surprise.

Mathieu Elshout of PGGM joined Devine and Yönder for a panel discussion. He commended the research for its evidence on transmission mechanisms for sustainability, saying that many investors, including PGGM, believe in making sustainable investments, but this work provides strong empirical evidence on the corporate benefits, which should prove valuable in backing up investment decisions. Elshout suggested interesting areas for further research might include investigating why green buildings have higher operating expenses and whether there could be differences in results between sectors – for one thing, there is a suspicion that industrial properties are falling behind on sustainability.

SPR Retail Seminar, *How Retail Trends are Changing the Property Market* – 18th April, 2018

Cushman & Wakefield, 125 Old Broad Street, London EC2

Kindly hosted by

In this first of three SPR seminars focusing on the retail property market, **Richard Lim**, Chief Executive at Retail Economics, gave the main presentation, painting a fairly bleak picture of the outlook for the UK retail industry in 2018.

For all the current improvement in real incomes, consumer confidence remains fragile and the propensity for discretionary spending weak. Meanwhile retail spending is getting more polarised, with food purchases holding up well, while other areas struggle. Add to this the cost pressures that wage growth and escalating business rates are placing on many retailers and it is not surprising to find margins under pressure for many. At the same time business models are undergoing structural change in the face of an ever growing share of sales taking place on line. All this, he suggested, means that 2018 looks set to be a 'year of distress' for the sector.

Darren Yates, Head of EMEA Retail Research at Cushman & Wakefield, who also chaired the meeting, did not contradict this pessimistic assessment in his overview of key retail property trends in the UK and US. In a talk entitled 'Shopping centres: How bad is it?' he emphasised the exponential growth in Internet sales, suggesting that their market share might end up as high as 40% in the UK.

Although he does not believe conditions are yet as bad as in the US, where Green Street Advisors reckon 30% of malls are at risk of closure, 2017 was still a bad year for UK retailer failures, while a significant number of shopping centres are half empty, prompting thoughts of converting many to a wider mix of uses. Yates proposed that some may not even be called shopping centres in the future.

Alice Keown, F&B Asset Manager, British Land and **Caitriona Hunter**, Director, CBRE Global Investors, who spoke as panellists, sounded rather more upbeat in their comments, but agreed that down the line shopping centres would be less about the volume of goods leaving their doors.

Keown emphasised that British Land is aiming to raise its share of sales from food and beverage from the present 11% to 15%, as well as increasing community links in many of its centres.

Hunter stressed that investors need to understand the sea-change that has hit retail: For most mall visitors, shopping is no longer the same thing as buying, making experience and convenience key factors in a centre's success.

Lim and Hunter agreed that the worst of retailers' current travails may be over by early 2019. But that is likely to be cold comfort for many, especially as a show of hands from the audience indicated all believe the UK retail market to be oversupplied with space. However, on a slightly more positive note, only one person thought that Internet penetration will exceed 50% of UK retail sales at some point in the future. The conclusion seemed to be that bricks and mortar shops must keep learning how to co-exist with online, however painful the transition may be in the short term.

<u>SPR Seminar *The Competition for Space: Residential vs. Industrial*</u> – 2nd May, 2018
Savills, 33 Margaret Street, London, W1.
Kindly hosted by savills

With the supply of land getting ever tighter across many parts of the UK, combining industrial and residential uses in a single development is starting to become an increasingly attractive option.

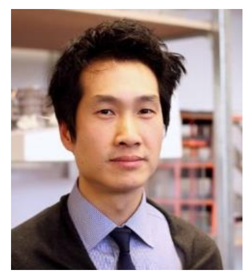
Kevin Mofid, Director of Research at Savills, who chaired the event, noted in his introduction that the move toward online shopping has led to growing demand for retail logistics space. At the same time the need for new residential space is also escalating, particularly in and around London.

Lucy Greenwood of Savills Residential Research explained that this problem is being intensified by green belt restrictions on development. The London Plan published in December 2017 is looking to help remedy this by allowing residential to be included in strategic industrial locations. At the same time it specifies there should be no net loss of industrial floorspace, while at least 50% of new residential space should be affordable. Greenwood highlighted the substantial amount of new space planned for East London, which will benefit from greater accessibility due to Crossrail, but also noted that London has been failing to meet its planned residential targets in recent years.
Given these conditions, mixed industrial-residential projects have now started to prove an increasingly viable option, with the potential to play a valuable role for occupiers and investors alike.

In the first of two case studies, **Martin Meech** of Travis Perkins described the redevelopment they had undertaken of an old depot near St Pancras station. On this site, which they had occupied for many years, they have now constructed a student housing block and new delivery depot below. As a collaboration with Unite, the student housing specialists, who provided finance and acquired the freehold, the project satisfied the requirements of both parties. But Meech emphasised the difficulties that were involved in the planning process, which meant that it had taken two years.

He stressed that the current Use Classes Order did not help, as the classifications were designed for a world before building uses associated with the internet had emerged. Still, the project showed the viability of this kind of mix of uses and would probably be a lot easier to accomplish today.

In another example, Segro have integrated residential and industrial space in their redevelopment of the Nestle factory in Hayes, splitting the site 50:50 between the two uses. Conservation Area status added an extra planning hurdle, explained **Steve Lord**, but it also boosted value in the long run. In this case getting residential and industrial to work side by side has presented particular challenges in terms of managing transport access and noise, but the fact that the local area already had industrial and residential uses in close proximity helped make the development feasible. In this kind of scheme it is important that the industrial component can operate in an unconstrained way, while a relatively high level of amenity is provided for the retail part.



Darryl Chen of Architects Hawkins Brown, who have designed many projects of this kind, noted that industrial-residential mixed use can mean many things, particularly for the 'industrial' element, which can stretch from artisan activities through storage to manufacturing. Nearer to the centre of London, limits on available space have encouraged more vertical mixes along the lines of the Travis Perkins scheme. Further out there is more potential for side-by-side schemes like Segro's, which may have fewer design constraints.

Joint SPR / UKPA Retail Seminar, *Technology, the Make or Break of Retail?* **19th June, 2018**
Datscha, Henry Wood House, 2 Riding House Street, London, W1
Kindly hosted by DATSCHA

Technology has given shoppers much more power to choose what they want to buy and where to buy it. In this seminar, two REIT investors and two consultants explored how retailers and their landlords can harness technology themselves to keep these shoppers satisfied.

Kathryn Malloch, Group Head of Customer Experience at Hammerson, described today's shoppers – especially millennials, who have grown up with the web – as promiscuous: They lack brand loyalty but demand quality.

Shopping centre owners must keep up with them, for instance by enticing specialist retailers with a strong customer focus, as well as providing the kind of destinations and overall experience they are seeking. Technologies such as Hammerson's Plus App – a mobile personal shopping assistant that uses beacon technology – can help work out the kind of products they are looking for, as can Style Seeker, which identifies outlets stocking items similar to a particular fashion choice.

Many consumers now see physical shops as expensive, inconvenient and slow to change, according to **Eva Pascoe**, Director of Ecommerce at The Retail Practice. This means retailers must use technology to boost customer interest, either by building a stronger connection with them or enhancing the in-store experience. As a good example, Charlotte Tilbury have embraced augmented reality in their stores, allowing shoppers to digitally enhance their photos with a selection of cosmetics before buying.

Pascoe argued that data centers are the new shopping malls, often reducing the cost of operations dramatically while effectively turning them into publishers and allowing them to market a hugely expanded range of products.

Alexandra Petit, Research and Insights Director at Landsec, agreed that property owners need to see stores as part of the overall retail experience, a stage on which brands can engage with shoppers and learn from them. This is typified by American retailer Nordstrom, whose stores are there just to provide a shop window for buying online. As another example, Samsung have opened an IOT pop-up that gives a raft of data on shoppers' journeys through their store.

Joyeeta Das, CEO & Founder of data consultants Gyana AI, stressed that the challenge for real estate is to 'hyperpersonalise' space, as this is what the web does in virtual space. Of so-called 'Big Data,' 35% is generated by real estate, but you have to learn the right lessons from it, the most important of which is likely to be how people interact with places. Das presented case studies on organisations who have used AI as an effective way of linking with their customers (Urban Outfitters) and those who haven't (Byron).

In the panel discussion, moderated by **Matthew Hopkinson**, Director and Co-founder of Didobi, there was agreement that market participants tend to be long on data but short on insight. The tactical use of data is good, said Pascoe, but the strategic use is poor.

Petit stressed that landlords will need to be increasingly flexible in the way space is provided in the digital age, particularly in adopting new mixes of use and in sharing data more closely with potential tenants to ensure a good fit for the space available. Meanwhile Das noted that transport changes on the horizon such as Hyperloop could have a huge impact on the relative viability of locations.

Asked about the prospects for department stores in light of the travails of House of Fraser and others, the consensus was it all depends on the model: few would bet against John Lewis being around in 10 years' time, given their understanding of their audience, level of service and effective integration of online.