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Learning from the Leaders: Top 10 Investment Takeaways **FROM MIPIM 2017**

•• COMPILED BY UNIVERSITY OF WISCONSIN GRAASKAMP CENTER FOR REAL ESTATE ••



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Still buying, but searching for yields: In 2017 institutional investors, life insurance companies, and pension funds will be net buyers. With premium pricing in the majority of gateway markets, many are looking to secondary markets and alternative products in order to achieve target yields.

Will YOU be a net seller or net buyer in 2017?

CHOICE

Net Seller 21%

Net Buyer 63%

Neither 15%

Live polling results MIPIM RE-INVEST 2017

2

Technology disrupting real estate investment: Technology as a whole is forcing its way into real estate despite the slow adoption. Overall, technology will provide a more homogeneous distribution of information and a more efficient real estate experience. Adopters expect to reap efficiencies in building operations, acquisitions, project management, and marketing.



Ragnar Lifthrasir, on BlockChain in Real Estate



2017 MIPIM Startup Competition Finalists

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Logistics replacing retail: Logistics is increasingly competing with retail for traditional retail space due to the effects of e-commerce. Online retail is putting pressure on brick and mortar retail while also increasing demand for last mile logistics space.

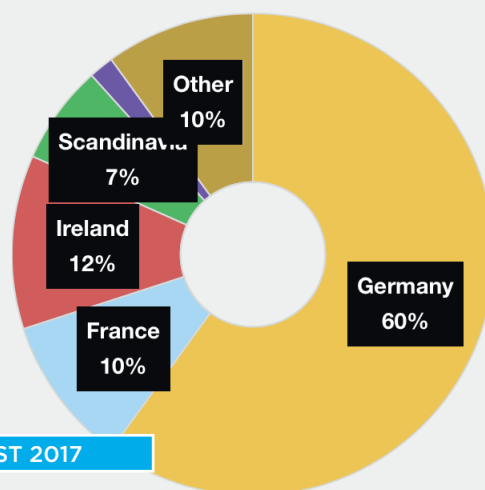
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Interest rates on the move, but optimism remains: Many market participants see the end of "lower for longer" as real estate investors anticipate continued increases in interest rates with the U.S. leading the way. Investors remain optimistic, however, given accompanying strength in growth and inflation prospects.

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German real estate demand is multifaceted: Heightened investment into Germany is not just a reaction to Brexit. Investors appreciate strong German economic fundamentals and relative stability, though upcoming elections present a key test to that thesis.

Which other EU country or countries will benefit the most from increased inward investment as a result of the UK leaving the EU?



Live polling results MIPIM RE-INVEST 2017

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Political concerns drive real estate decisions in addition to CRE fundamentals: Geopolitics, including upcoming French and German elections, remain a key concern for global investors in addition to the typical commercial real estate fundamentals.



MIPIM 2017 • Worldwide Overview:
What Are The Global Indicators Saying?

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Increase in buy-hold investors threaten trophy market trading, brokers: As more long-term hold and capital preservation buyers enter gateway markets, trading velocity of trophy assets may decline, forcing investment sales firms to move toward smaller deal size brokerage.

Top 10 Investment Takeaways

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Operations in focus to cushion low yields: With the persistence of the low cap rate environment, improving the efficiency of building operations and energy use is becoming an increasingly crucial strategy for investors to drive yield. Technology may help to unlock this.



MIPIM 2017 - Exhibition area - MIPIM Innovation Forum

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Politics, policy drive divergence in European markets: Variance in economic growth throughout the Eurozone is not due to asymmetric shocks but to asymmetric behaviour regarding government policy, productivity and wage growth.

10

Emerging markets present opportunities, challenges: Investors are attracted to emerging markets given the remarkable compression in gateway market commercial real estate yields, but are finding it difficult to navigate turbulent political environments with less mature property rights and a limited pipeline of institutional quality product to acquire.



MIPIM 2017 - Opening Ceremony - Dr. Parag Khanna

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