

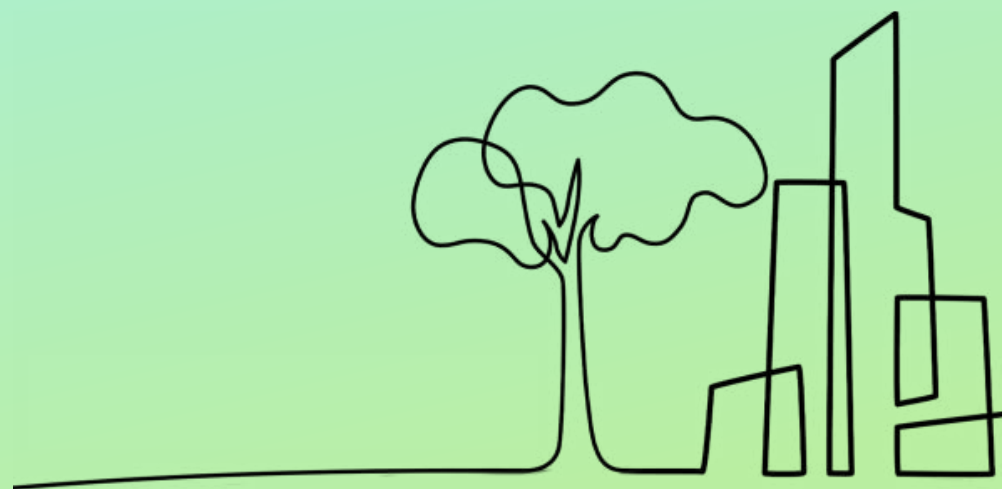


**Leaders' Perspectives  
Summit** | by mipim

# **LEADERS' PERSPECTIVES SUMMIT** BY MIPIM

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## THE TIME FOR CHANGE IS HERE



## REAL ESTATE LEADERS FROM AROUND THE GLOBE JOINED CITY MAYORS ON 16-18 MARCH 2021 TO CAST THEIR VISION OF THE FUTURE DURING THE LEADERS' PERSPECTIVES SUMMIT BY MIPIM.

Leaders working across continents underlined the pronounced effects of the Covid crisis on people globally. Even within this uncertain and complex world, however, **if we turn the glass the other way round, the Covid crisis also presents unique opportunities** – for the real estate industry, their clients and for wider society.

The Summit was opened by **Bertrand Piccard, initiator & chairman of the Solar Impulse Foundation**. **“We have to learn to try outside of what has been done, outside of what we have learnt, in order to have a chance to get completely different outcomes,”** he said.

Each of the 13 leaders who spoke on 16 March addressed the audience for 30 minutes. Towards the end of each session, a ‘young talent’ was invited to ask a few of their own questions.

**François Trausch, global CEO & CIO of Allianz Real Estate**, closed the Summit on the note: **“The Covid crisis is a tremendous opportunity. It has pushed people to think differently. It is an opportunity to learn, to change, to think strategically.”**

**Let's grasp this opportunity** – and in so doing create better places, more socially inclusive, more environmentally sustainable, to work, live and play... while still keeping the financial fundamentals healthy. And, yes, it is possible.

## IT'S ALL ABOUT EFFICIENCY, AND THE ROAD TO EFFICIENCY IS NOT A STRAIGHT LINE

*Bertrand Piccard, initiator & chairman of the Solar Impulse Foundation*



When **Bertrand Piccard, initiator & chairman of the Solar Impulse Foundation**, set out to look for an aircraft to fly around the world, day and night, powered by nothing but the sun, the aircraft manufacturers told him that it would be impossible. **“They only spoke about production, not efficiency,”** said Piccard.

So Piccard **“changed altitude, changed path”** and went to a boat builder, who applied the same carbon-fibre technology used to build a boat for America's Cup to a solar-powered aircraft. The result: a plane that was light, strong – and efficient. In 2016, Solar Impulse, co-piloted by Piccard, became the first solar-powered plane to fly round the world.

The aircraft manufacturers had been thinking in a straight line. **“The straight line is what we learn. What we tend to reproduce.** We hate the doubts. We hate the question marks. So we don't look. We don't want to be challenged; we want to go straight ahead, and we believe we will succeed.

“We believe this until we hit an obstacle, and then we crash. And then we say: ‘Why is life so bad to me?’ Rather than: ‘Why am I not ready for life?’”

**How do we get ready for life?** “We have to understand that life is not a straight road... This is why we need pioneers who open the way. We also need explorers who try every different direction of thinking and acting with the one risk – the risk of failing. The worst is not to try. If you've never failed, you've never taken any opportunity to learn.

**“THIS IS WHY WE NEED PIONEERS WHO OPEN THE WAY. WE ALSO NEED EXPLORERS WHO TRY EVERY DIFFERENT DIRECTION OF THINKING AND ACTING WITH THE ONE RISK – THE RISK OF FAILING”**

For the past 50 years, the “straight line” thinking has been that environmental protection is expensive and requires people to make sacrifices – less mobility, less comfort, less consumption, less growth. “Is that motivating? Of course not.”

“Can we think differently? Can we take another altitude, another road? **Can we drop some of these certitudes, habits and beliefs like ballasts from a balloon in order to find another way?** Can we say the opposite to what we hear? That environmental protection can be profitable, create jobs; it can be enthusiastic, exciting, and require no sacrifice?”

Yes, is the answer. As Piccard solar-powered his way round the world, he had plenty of time to reflect, especially during the long stretches over the oceans: "At this moment, I saw how much the rest of the world is in the past... **It is not about our living standards, but about the old technologies and old systems that we still use.**"

Back on earth, the **Solar Impulse Foundation** moved to a second stage... the challenge of identifying 1,000 financially profitable technologies, devices, systems, products that protect the environment, and replace what is polluting.



That 1,000 figure is soon to be reached, and then the counter will keep on ticking as the foundation builds on its links with innovators and its alliances with corporates, institutions and governments. It's all about forming alliances to overcome challenges. "The goal is not just to be ecological, but to be logical," said Piccard.

**Ana Kulik, founder & CEO, Hepp Ltd**, asked about motivating a team.

Piccard answered: "With leadership you give purpose: why you have to achieve what. With the management, you help people to do it... In the case of Solar Impulse, the leadership is about explaining that we wanted to change the way people perceived clean technologies and renewable energy. Of course it's difficult. Almost every week I told [the team]: if it were easy, someone else would have done it before."

### LOOKING INTO THE FUTURE: THE AUTONOMOUS BUILDING

**William Ruh, CEO, Lendlease Digital**



The Jetsons family, of the popular 1960s US series, live in a futuristic world of flying cars and robots. When it comes to real estate, even though we're now 60 years on, the animated sitcom still seems like a distant future.

"The reality in our industry is that not much has changed in how we build and what we build over the last 100 years, other than we might have a few more motors and a few more appliances," said **William Ruh, CEO of Lendlease Digital**.

Looking back through time, pandemics have brought some of the most deep and meaningful changes into how we live and what we have built, Ruh noted. "What we're seeing in the world today is that it is having exactly the same kind of influence that these prior pandemics have had."

**Clean air, safety at work and job security** are the top three factors to have emerged during the Covid crisis, and which **are influencing how we are rethinking the environments and places we build**, said Ruh, who is based at the Sydney head office of the global real estate & investment group.

"Our response is to **use technology to help us rethink what we build**. The only way you're going to get to the kind of sustainability we talk about, where you get to not just net zero carbon but an absolute zero carbon footprint, is to focus on the use of digital technology."

**"WHEN WE START TO THINK ABOUT CHANGE, SOMETIMES EVERYONE WANTS TO START WITH A CLEAN SHEET OF PAPER. WE STARTED BY LOOKING AT WHAT OTHER PEOPLE DID"**

*William Ruh, Lendlease*



Real estate has been slow to address technology so Lendlease has looked towards other industries to have gone through transformational change.

"When we start to think about change, sometimes everyone wants to start with a clean sheet of paper. We started by looking at what other people were doing," said Ruh. "For us at Lendlease, we defined our future, and what we want the future of property to be, by the idea of **autonomous buildings**."

The two challenges that Lendlease is trying to solve through the use of technology are, firstly, bringing down the **cost of design and**

**assembly of homes**, and, secondly, **managing buildings more efficiently and effectively**.

**"IF YOU'RE TRANSFORMING AN INDUSTRY, YOU HAVE TO DO IT WITH FRIENDS. YOU'VE GOT TO HAVE AN ECOSYSTEM; YOU'VE GOT TO HAVE PARTNERS"**

*William Ruh, Lendlease*

For a building to be autonomous, Lendlease has identified **five levels**, inspired by the autonomous car industry: **baseline, connected, smart, partially autonomous and autonomous**.

Ruh mentioned key Lendlease projects such as the **MIND Milano Innovation District** and the new mixed-use neighbourhoods created with Google in the **San Francisco Bay Area**. "It's a very exciting time as this is the first time in this industry that we're doing what retail did 20 years ago in automating retail."

"If you're transforming an industry, you have to do it with friends. You've got to have an ecosystem; you've got to have partners," said Ruh.

One way that Lendlease is building this ecosystem is by being a **founding member of the Digital Twin Consortium** to help define the future of digital twin technology. Even though it is less than a year old, nearly 300 corporations and public bodies have become members.

Lendlease is not only **"collaborating on the shoulders of giants"** in the consortium, but also partnering with strategic suppliers, such as Schindler, and with **knowledge and tech partners**, such as Google Cloud Platform. "For us, this is the change that we want to be a part of," said Ruh.

**Harri John, digital advisory lead, strategic advisory, CBRE**, asked about the vision for the industry over the next 12 months or so.

Ruh answered: "These kinds of changes don't happen fast... In the next 12 months, we're trying to really get into the design automation: how do we make sure to build a building before we build it... the other thing is to collect data, as without data you can't get insight."

## FOCUSSING ON THE ESSENTIALS, AND THE ESSENTIALS ARE NOT STATIC

**Isabelle Scemama, global head of AXA IM Alts & CEO, AXA IM – Real Assets**



"The Covid crisis will accelerate structural changes already under way, but it will also bring us back to essentiality," said **Isabelle Scemama, global head of AXA IM Alts & CEO, AXA IM – Real Assets**.

That **'essentiality'** in its current form is about **residential and logistics** – today's two most high-performing assets, said Scemama. AXA IM Alts made €7.6bn of acquisitions last year, of which 47% were residential and over 20% in logistics.



These transactions included the acquisition of a 27-asset logistics portfolio in the US and a 75% stake in in'li, which owns and manages a portfolio of 143 affordable housing assets across the Paris region. **“Essentiality is not static. New asset classes establish themselves as the ‘new’ essentials,”** Scemama explained. These new essentials include **data centres** (AXA IM Alts acquired one of Tokyo's largest data centres last year) and **life sciences**, a sector where it is looking to build scale (through its acquisition of **Kadans Science Partner**).

**“THE FUTURE OF OFFICES WILL BE DRIVEN  
BY OUR CAPACITY TO IDENTIFY WHAT IS TRULY ESSENTIAL  
WHILE WE ARE AT THE OFFICE”**

*Isabelle Scemama, AXA IM Alts/AXA IM  
– Real Assets*

When it comes to offices, the most established asset class, essentiality will allow us to redefine what makes for success, said Scemama. “The future of offices will be driven by our capacity to identify what is truly essential while we are at the office.

“Why do we need to go into the office? To have a desk, a computer, connectivity? We all have this at home. **If we go to the office, it will most likely be to do essential things.** This is about physically meeting people, about making decisions, solving problems, working on projects in a team, innovating, creating friends and community, and, for some, having access to an efficient working environment, with good WiFi and IT.”

As an example of the ‘essential’ office, Scemama points to **22 Bishopsgate**, a vertical village being built by AXA IM Alts in London: with 1,275mn sq ft of flexible working space, a social food hub and club, art installations, London's largest ‘active commuter park’, a

**MIND – a Lendlease project**



gym and glass climbing wall on the 25<sup>th</sup> floor, and a wellbeing retreat.

“The performance differentiator will be the environmental one,” she added. It is about ensuring that “our assets, portfolios and people are prepared for the potential impact of climate change, and are ready to capture the opportunities of a transition to a low-carbon economy.

“This also means using our long-term perspective to invest and manage in a way which generates additional value for our clients

while positively impacting the broader environment and society in which we operate. This is what we call building tomorrow.”

**Alex Irwin-Hunt, global markets editor, fDi Intelligence** asked about the three major lessons from Covid.

Scemama answered:

1. Stick to our conviction.
2. A holistic approach.
3. Timing – “step back, slow down and don't over react.”

## SIGNING UP 3MN PEOPLE OVER 3 MONTHS FOR HYBRID WORKING

*IWG – Mark Dixon, CEO & Founder*



Over the last year, we've lived through one of the biggest social experiments in history – that of remote working. And it's been a success, said **Mark Dixon, CEO & founder of IWG**.

IWG plc, the holding group for workspace companies that include the likes of Regus, Spaces and HQ, is **expecting to sign up 3 million additional people onto its global platform in the first quarter of 2021**.

So far this year, IWG has announced that some **95,000 employees from Standard Chartered and 300,000 employees from NTT of Japan** will start to work from **the group's 3,300 branded buildings operating across 120 countries**.



22 Bishopsgate – a AXA IM Alts project

**“MORE AND MORE COMPANIES ARE ADOPTING A  
HYBRID APPROACH, AND THEY ARE LOOKING FOR SCALE”**

*Mark Dixon*

Hybrid working is here to stay, just like the email, said Dixon. This has been made possible by the office being in the cloud. The advantages of hybrid working are many, Dixon recounted, such as employees no longer having to commute and geography no longer being a barrier for employers.

“More and more companies are adopting a hybrid approach,” Dixon continued. “And **they are looking for scale**, for locations near the centres for their workers, or where they want to employ workers in the future.”

**“CITIES ARE GOING TO NEED TO REINVENT,  
REPRICE AND REMERGE AS MUCH MORE VIBRANT  
AND INTEGRATED PLACE”**

*Mark Dixon*

How will the rise of hybrid work affect cities? **"In a hybrid workplace, where the workforce is distributed, it's even more important to bring people together in the city,"** said Dixon.

However, cities will need to reprice, he added. "So many cities are unaffordable. **City policy needs to change to focus on creating liveable cities** where workers can live close to where they work," he added, citing Copenhagen as an example of a liveable city.

"Cities are going to need to reinvent, reprice and remerge as much more vibrant and integrated places. **They will have to compete with the countryside and with the suburbs to be the best places to work and the best places to live.**"

**Tanya Cravero, associate director, Colliers International,** asked if Covid is the great equaliser between countries when it comes to the hybrid workplace.



Dixon answered: "Yes, Covid is the great equaliser. If a company had introduced a hybrid workplace a year ago or 18 months ago, it would have been controversial. Now it has completely changed; if you aren't introducing hybrid working then you're not up with the times and you're not listening to your workers."

## AN EDITED INTERVIEW WITH MÉKA BRUNEL, CEO, GECINA



### What are the 3 pieces of good news from the Covid crisis?

"Technology worked. Human lives matter. Even more important, human interaction matters."

### Is this the end of the expression 'location, location, location'?

"Location is becoming even more important as human interaction becomes more important. For corporates it's [about having] good premises in a good location in a mixed-use area, with access to all kinds of services."

### Is the crisis accelerating the recruitment of people from outside real estate?

**"People are living in silos,** and even more so in our industry, as we are a long-term industry.

The good thing, and this has been accelerated by Covid, is that **these silos are about to break down...** It will take time, but it will be like a wave, a tsunami.

"We have realised that **we are not disconnected from the rest of the economy,** and we need to understand what our clients are going through... We are all in the same boat, we are all human beings... so it is good to hire people from outside the box... This is about the **deep transformation of our way of working.**"

### Tell us something that you've learnt about leadership?

"You can have very strong beliefs in what you want to be done or not, but **if you are not capable of transmitting your beliefs, taking the lead and taking people with you... it will not work,** even if you have the right knowledge and expertise.

"Sometimes, it's not the right moment to make it happen. Sometimes, the society, the people, your family, no one is ready for it. And, sometimes, what you're explaining is in a language that no one understands.

"You learn to be patient, and come back, and say: maybe I was wrong, maybe I can express it differently or do it differently. **The question is how you can stand up again, and start walking again,** like a child learning how to walk."

### How can one's professional life 'feed' one's personal life, and the other way round?

**"Your professional life is not about Excel sheets, it's about human interaction.** The same with your personal life. If you're talking about human interaction, you're in [a state of] challenge

24/7, and this is what feeds your behaviour, your frustrations, your successes... So I don't believe that you can live with a barrier between your personal and professional life."

## Can you find the qualities of a big company and a start-up both in one company?

"You cannot have everything at the same time. One thing you always have is clients, shareholders and stakeholders from outside your environment. During my long professional experience, I have always acted as an entrepreneur whether in a big organisation or not... **Never take for given what you have learnt. Learning is a permanent movement.**"

*Méka Brunel was interviewed by Lionel Boisse, associate, Russell Reynolds Associates*

## "STAY CURIOUS, ASK QUESTIONS, BE OPEN MINDED"

**Michael Turner, CEO, Oxford Properties Group**



What is your biggest takeaway from the pandemic? This was the first question asked to **Michael Turner, CEO of Oxford Properties Group**, the Toronto-based real estate arm of Canadian pension fund OMERS.

"If I have to pick one, [it would be] **the idea that the unimaginable happens.** I would not have imagined a year ago the events we have all gone through in society," he said. "**It is a reminder to all of us that predictions are hard to make.**"

And the trend that has stood out the most? "**The digitisation of everything,**" said Turner, quoting how ecommerce in the US has gone from 16 to 21% penetration over the period of a year.

## "WE'VE BEEN ACCELERATING OUR CAPITAL ALLOCATION THAT ENABLES A DIGITAL ECONOMY"

**Michael Turner, Oxford Properties Group**

"The pandemic has not changed how we invest our capital. For the last few years we've been accelerating our capital allocation that enables a digital economy, like warehousing, like life sciences, like cold storage," Turner said.

Oxford will continue with what Turner calls the '**Covid acceleration trade**', in other words, the growth accelerated by the Covid crisis. The group is also starting to see signs of the '**Covid reversal trade**'.

"Office buildings will not be empty for ever," explained Turner. "People won't work in their basements for ever. The Four Seasons Hotel in New York, across the street, is not going to be boarded up for ever. At some time in the future, it will be full again; it will have guests again."



**Get Living, East Village, London**

Oxford has remained active throughout the Covid crisis. "We have boots on the ground in the markets in which we are active, all around the world," said Turner. The group, which has around **US\$80bn of assets globally**, earlier this year announced the **acquisition** of London-based logistics specialist **M7 Real Estate**.

Other sectors where Oxford has been active have been **life sciences**, which is in the tailwind of the trend of an ageing population. Already the group is the second biggest life sciences landlord in Boston, which Turner calls the "birthplace of life sciences".

And Oxford is growing in the **private rented sector in the UK**, through **DOOR**, the dedicated residential investment vehicle that it has set up with Delancey Real Estate Asset Management, and which operates under the brand of Get Living.

*Michael Turner was interviewed by Natalie Wong, commercial real estate reporter for Bloomberg.*

**George Keyes, investment manager at M7**, asked about the skills needed by new entrants into the real estate industry.

Turner answered: "A diversity of experience is really valuable. A lot of people think about their career as a ladder." Instead, he prefers to **liken a career to a pinball machine in a pinball game**, with the highest score achieved by the best possible experience. "You're going to bounce around a lot and do lots of different things. To me, that's enriching."

His final words of advice: "Stay curious, ask questions, be open minded. You have the opportunity to consume an unlimited amount of information, it is all available to you at your fingertips and that has not always been the case."

## AN EDITED INTERVIEW WITH ANDY POPPINK, CEO, EMEA MARKETS, JLL



### What trends are you seeing with regards the future of work?

"Many trends caught on early as we were shutting down our offices... **technology, flexibility, a focus on health and wellness, and emotional wellbeing...** and the greater focus on **sustainability and climate change...**

"Overarching this, we see an **acceleration in the rise of the focus on the individual employee**: a unique trend as what we're going through is such a big, community-based, social disease which we have to solve collectively..."

"There is a **big opportunity for leadership** in our communities, both in the real estate and corporate communities, and the living communities, for shaping what the future of work and the future of our cities and communities look like."

### How have you looked to lead your team through such a volatile time?

"JLL was the first in our industry to bring our employees **back to the office...** When we did this, we observed that it really was a controlled environment. We knew who was coming and going. We could control the cleaning of spaces... We created a safe place for employees to go, and we could close down the space at a moment's notice... **This helped us develop better protocols, more swiftly, so we could help the [investor and occupier communities]."**

**"THE TERM I'VE BEEN USING MORE REGULARLY,  
AND DISCUSSING WITH CLIENTS AND OUR TEAMS,  
IS 'ELASTIC' WORK"**

*Andy Poppink, JLL*

"The current catchphrase is 'hybrid' work. That is creating a space, a platform, systems-wise, technology-wise, communication-wise, for employees to flex between home and office.

**"One of my big concerns as we structure our return-to-work policies is how we maintain culture among our teams.** The term I've been using more regularly, and discussing with clients and our teams, is 'elastic' work.

"Hybrid' notes a separation of workplaces and employee designations, whereas **we're really moving as one organism, so there needs to be some elasticity...** I'm encouraged by the research going into it but we still have a long way to go."

**City trends highlighted by Poppink:** people will want to return to urban centres; a greater focus on neighbourhoods, such as the 15-minute city; this in turn opens up an opportunity for leadership, to bring together the four parties – occupiers, investors/developers, local authorities and communities.

**Laura Denenga, senior manager – debt origination at Allianz Real Estate**, asked whether real estate would continue to be a people business.

Poppink answered: "There are processes [in how we transact and operate] that have not evolved for decades... largely because the data is challenging to acquire and assimilate. There are a lot of people like ourselves working on [acquiring and assimilating this data] on a local and global basis, but it will take time... Because [real estate] is a physical, tangible asset ultimately solving a people need, I do believe that the people element will be critical."

## STICKING WITH YOUR DNA AS THE SUN RISES AGAIN

*Maud Bailly, CEO Southern Europe, Accor*



"You have to adapt your answers to what you're facing," **Maud Bailly, CEO Southern Europe of Accor**, tells her team. "So when you're facing an exceptional situation, you look to give exceptional answers."

There is no doubt that Accor, Europe's largest hotel group, has faced an "exceptional situation" during the Covid crisis.

Last year consolidated revenue was down 54.8% like for like, as the Covid crisis felled the fundamentals of hospitality – joy, leisure, open borders, business travel – one by one by the Covid crisis.

A crisis reveals who we are, rather than changes who we are, said Bailly. The DNA of hospitality is about **"taking care, welcoming, having a sense of purpose"**, so Accor based its "exceptional answers" on the four pillars of: health reassurance, flexibility, attention and solidarity.

In the case of the fourth pillar, solidarity, Accor set up the **ALL Heartist Fund**, a €70mn fund to help group employees and individual partners affected by the crisis. The fund also supports frontline professionals and first responders, such as medical staff.

**"MORE TRUST, LESS CONTROL, MORE EMPOWERMENT, AND A FASTER DECISION-MAKING PROCESS. WE LEARNT TO WORK DIFFERENTLY"**

*Maud Bailly, Accor*

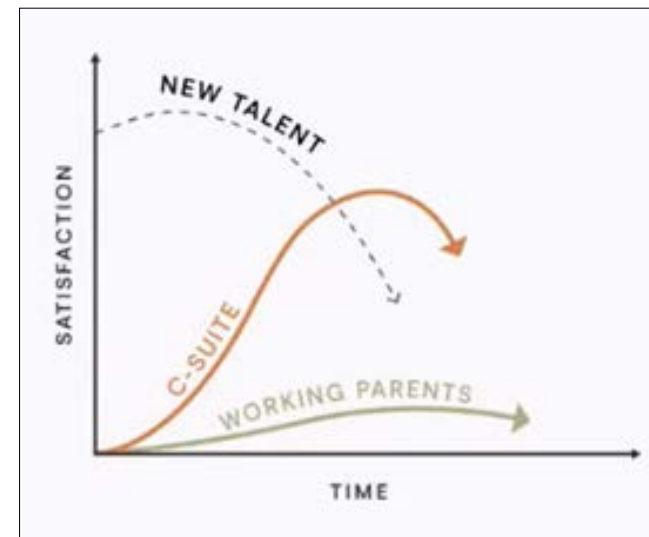
On a leadership level, the crisis taught us to change, said Bailly. "We reduced the decision-making layers and we accelerated empowerment. More trust, less control, more empowerment, and a faster decision-making process. We learnt to work differently."

**"PEOPLE ARE LONGING TO GET BACK, TO ENJOY, TO TRAVEL, TO STAY IN NICE PLACES AND TO CELEBRATE"**

*Maud Bailly, Accor*

On a more optimistic note, Bailly said: "At the end of the day, the sun comes back." Occupancy rates in certain markets have held, such as in Europe in the summer season and Dubai before Christmas, while in **China occupancy rates at the end of last year were almost back to 2019 levels.**

"People are longing to get back, to enjoy, to travel, to stay in nice places and to celebrate. We just need one thing. We need to understand when we will be able to reopen restaurants and bars,



**Work From Home – diminishing returns**

and when we will be safe and allowed to travel again. **We just need visibility and as soon as we have more visibility, the hospitality business will flourish again.**"

When Boris Johnson made an announcement about lifting travel restrictions on 17 May, UK bookings for Continental Europe tripled, said Bailly. **"There's light at the end of the tunnel, and we're almost there."**

**Sebastian Shehadi, political editor, Investment Monitor**, asked whether Accor was still pushing ahead with expansion projects.

Bailly answered: "Another strong reason for hope is the development performance. In 2020, people still invested in the hospitality industry and in 2021, in Southern Europe, Accor is still opening one hotel every four days: we are going to open Mama Shelter in Rome in May and a Sofitel in Sotogrande in Spain in July."

## BUILDING BRIDGES IN THE CITY TO OVERCOME CLIMATE CHANGE

*Raymond Johansen, governing mayor of Oslo*



Building bridges will be one of his main tasks over the next four years, said **Raymond Johansen, the governing mayor of Oslo**. Bridges between young and old, between social classes, and city-centre and suburban residents.

The focus is on tackling climate change. "The climate crisis is moving slower than the Covid 19 crisis, but it is just the same, and it is one of the greater challenges we are facing as a global community and as leaders."

Covid is putting a toll on all of us, said Johansen. However, he added, "this last year has shown that **we can change our society in a profound way when it is necessary.**"

**"WE MUST WORK FOR A GREEN SHIFT THAT IS  
INCLUSIVE AND JUST; WE MUST SECURE JOBS AND  
PROTECT THOSE WHO ARE MOST VULNERABLE"**

*Raymond Johansen, governing mayor of Oslo*

Oslo has one of the world's most ambitious climate strategies. To achieve its goal of becoming carbon neutral by 2030, **the city needs the participation of its people**. "We must work for a green shift that is inclusive and just. We must secure jobs and protect those who are most vulnerable," said Johansen.

**"CLIMATE POLICY IS NOT JUST POLITICS FOR  
THE MIDDLE CLASS. IT MUST BE FOR EVERYONE"**

*Raymond Johansen, governing mayor of Oslo*

"We often see a generation gap – the young want to fight climate change, the older ones can feel side-tracked, wondering where to park the car in the city. **We must build bridges between generations, social classes and between city-centre and suburban**, he said. "Climate policy is not just politics for the middle class. It must be for everyone."

**Steven Kellett, sustainability manager at Argent LLP**, asked about the high score of Scandinavia in the World Happiness Report rankings.

Johansen answered: "We score well because of the Nordic model – a strong welfare state, collective bargaining between unions and employers, smaller social differences, combined with an open and market-based economy," replied Johansen. "This is not about culture; it's not because we speak Norwegian, Swedish or Danish; it is about politics."

## HOW THE NETWORKED ECONOMY IS CHANGING OFFICE NEEDS

*Lisa Picard, president & CEO, EQ Office*



"We are social beings and what we're finding now is that a large majority of people want to come back to the office," said **Lisa Picard, CEO of EQ Office**, the US-based real estate investment company.

Picard highlights three pressures on workspace over the next 18-24 months:

- **The ample availability of supply.**
- **Unsettled demand** as companies work out how their people will use space and whether the companies also use this as an opportunity to cut costs.
- **The blending of the physical and digital workplace.**

Working from home has shown diminishing returns, said Picard. "The satisfaction of young talent living in tight apartments in cities was never really there."

**“THE LEADERS NEED TALENT DENSITY TO ADVANCE IDEAS AND TO GROW THE BUSINESS, AND TALENT WANTS MENTORSHIP AND GROWTH, AND TO BE CLOSE TO LEADERS”**

*Lisa Picard, EQ Office*

“The leaders need talent density to advance ideas and to grow the business, and talent wants mentorship and growth, and to be close to leaders.”

**“THE BIG QUESTION IS: WILL THE TALENT CONTINUE TO HAVE CAREER ADVANCEMENT IN THESE NEW, GROWTH MARKETS?”**

*Lisa Picard, EQ Office*

The need for talent and leaders to be in the same office space has driven a **shortage of affordable space in legacy markets**, said Picard, referring to the US market. This in turn has led to the **opening up of new, growth markets**.

“The big question is: will the talent continue to have career advancement in these new, growth markets? Or, as some tech companies have advocated, are these markets considered the slow lane for talent?”

**“GOING FORWARD, WE’VE GOT TO MAKE THE OFFICE BETTER THAN HOME”**

*Lisa Picard, EQ Office*

“This leaves the question: what job will the office will be hired to perform in the future,” said Picard.

For EQ, the **most effective offices have 4 Cs**: they offer a place for **concentration, community, collaboration, convenience**. “Going forward, we’ve got to make the office better than home,” said Picard.

Value in the networked economy is about connection and connectivity with each other both digitally and physically, said Picard. This in turn is changing the needs of the physical workspace given that:

- **Talent is seeking autonomy** (flexibility), **mastery** (‘eduployment’) and **purpose** (feeling part of something bigger and better)... quoting author Daniel Pink.
- **Work is being humanised** – as we become knowledge workers, the injuries of work are no longer physical, but mental, and hence the rising importance of wellness in the work environment.
- **Space becomes less about utility and more about speciality** – to make work more experiential... with the service game getting higher as leases get shorter.

“Does this mean we’re going to work from anywhere? **I would argue we want to work from somewhere in this office transformation**,” said Picard.

Workplace strategies will be about:

- **Humanising the offerings.**
- **Personalising space through technology.**
- **Providing more value for equal or better cost.**

For organisations such as EQ, it’s about:

- A **responsive mindset** for the customer.
- Being **friction free** – the “easy yes”.
- Seeing office space as being about “**pulling people in**”.
- **Partnering more often**, especially with tech companies, to provide necessary levels of services.
- **Owning the relationship** with the customer.

**Clay Macfarlane, vice president of Fifth Wall**, asked who was driving the change in the workplace.

Picard answered: “Tech will lead the way... Everyone’s looking at each other. Everyone’s asking questions. Everyone’s looking for the first move. Pay attention here.”

And the asymmetry across markets? “We’ve seen a lot of margin-based companies migrate to low-cost markets like Dallas and Florida.” **To create long-term economic health, legacy markets will need to “reinvent themselves”, “attract the next layer of talent”, create “concentrated centres of excellence” linked to academic institutions**, such as in Boston (life sciences and robotics) and Northern Virginia (cloud development & cybersecurity).

**THE PIONEER SPIRIT IN AFRICA**

**Bronwyn Knight, CEO & co-founder Grit Real Estate Income Group**



During the opening keynote of the Leaders' Perspectives Summit, Bertrand Piccard of the Solar Impulse Foundation talked about the need for pioneers to "open the way".

Grit Real Estate Income Group is a **pioneer** in its own right. Founded in 2012, the group focuses on the "African growth story". In 2018, it became the first Mauritian-based company and the first African real estate company to be listed on the London Stock Exchange.

Since then Grit has built a real estate platform that currently has around US\$800m of assets across sectors in eight countries in Africa – a continent which Knight refers to as **"the last frontier of growth"**. It's also about being **at the forefront of development capital structures** for the region, Knight added.

**"CORPORATE ACCOMMODATION, LIGHT INDUSTRIAL AND OFFICES HAVE BEEN THE MOST RESILIENT OF OUR ASSET CLASSES DURING COVID"**

*Bronwyn Knight, Grit, talking about the African market*

Grit is currently focussed on what Knight calls the **"reinvention revolution"**, which addresses how we do things better. The current focus is on, for example, **bringing in direct foreign investment into sectors such as healthcare and medical facilities**.

"Corporate accommodation, light industrial and offices have been the most resilient of our asset classes during Covid," said Knight. "People are eager to return to their offices because the infrastructure exists in their offices, and not necessarily in their residential homes."

**Mikaël Assoumaya, head of listed real estate & infrastructure debt, AXA Investment Managers**, asked where the growth was in Africa in terms of retail types and geographical area:

Knight answered: "Convenience retail centres have been the most resilient type of retail. We have built convenience shopping centres in Zambia [for example] specifically in areas where shoppers have traditionally had to travel six hours into the main city to be able to shop... It is about supplying basic needs and underpinning the real estate infrastructure to that."

**"CITIES ARE THE KEY FOR A SUSTAINABLE RECOVERY IN EUROPE"**

*Dario Nardella, mayor of Florence*



The social and green agendas need to be brought together, and the digital transformation boosted, as part of turning the Covid crisis into an opportunity to "build back better", said **Dario Nardella, mayor of Florence and the president of Eurocities**, the Brussels-based network of almost 200 cities representing 130 million people.

"Cities are the key for a sustainable recovery in Europe," said Nardella, who talked about the need to boost national and EU investment in local social infrastructure, with a **focus on affordable housing, education and healthcare**.

**"THIS CRISIS HAS TAUGHT US POSITIVE LESSONS, ABOUT SOLIDARITY, RESILIENCE AND MAKING CITIES BETTER PLACES TO LIVE"**

*Dario Nardella, mayor of Florence*

When it comes to Florence, Nardella said: **"We want to bring residents back to live in the historic centre of city."** As an example, he mentioned the plan for 50 apartments for young couples inside the world-famous Dominican monastery of Santa Maria Novella.

In terms of the environment, the city has introduced measures to **curb high-polluting traffic** and to **extend car-free zones** in the city centre, while strengthening public transport, including **new cycle lanes and two new tram lines**.

"This crisis has also taught us positive lessons," he added, "about solidarity, resilience and making our cities better places to live."

**Ciara Daffy, asset manager, CBRE Global Investors**, asked about the implementation of green and social impact initiatives:

Nardella answered: "Cities are the key to a sustainable recovery in Europe. Now it is time for a rebirth... in line with the aims of the **European Green Deal**. We cannot afford the luxury of investing even one euro in a recovery that would not comply with our environmental and climate objectives."

**THE HUMAN TOUCH TO REMAINING  
INNOVATIVE & SUSTAINABLE**

*François Trausch, global CEO & CIO of Allianz Real Estate*



How do you manage a global portfolio at a time like this? That was the question put to **François Trausch, global CEO & CIO of Allianz Real Estate**, which has €71.5bn of assets under management.

**“To manage a global portfolio it starts with people,”** replied Trausch. The first ingredient is to have local teams. The second is local partners. And then the third is data.

Trausch highlighted the importance of creating “commonalities” between the 475 employees spread across the 19 Allianz Real Estate offices on three continents. This also helps keep alive a more entrepreneurial spirit.

**“ENTREPRENEURSHIP, TRUST, COLLABORATIVE LEADERSHIP AND, OF COURSE, EXPERTISE, ARE ALL ESSENTIAL QUALITIES THAT YOU NEED TO BUILD AMONG TEAM MEMBERS TO REMAIN INNOVATIVE AND SUSTAINABLE”**

*François Trausch, Allianz Real Estate*

Each Friday, as CEO, he sends a message to all employees. “Some weeks I have a lot to say. Other weeks I have less. But I still look to make it interesting,” said Trausch.

Also each week, an employee writes about a topic of their choice. They then pass on the baton to a colleague, with write-ups meandering from function to function and office to office. Off-site get togethers have also been encouraged – an investment that Trausch believes paid off over the pandemic.

“Entrepreneurship, trust, collaborative leadership and, of course, expertise are all essential qualities that you need to build among team members to remain innovative and sustainable,” he said.

**Tess Pula, executive for ESG & sustainability, Macquarie Group**, asked about the upcoming challenges to navigating the path to net zero.

Trausch answered: “You don’t have to spend that much time on the ‘why’. Everyone gets it. As a leader, all your energy should be spent on the ‘how’.”

## 10 KEY FINDINGS

**1 •** The Covid crisis has served to **accelerate existing structural trends, such as digitisation, urbanisation, and the need to protect the environment.**

**2 • Climate change and environmental protection** is seen as the bigger challenge looming over and beyond the Covid crisis. The focus with regards to reducing our carbon footprint should be on the 'how' rather than the 'why', said **François Trausch of Allianz Real Estate**. The next ten years, until 2030, are particularly crucial if net zero carbon targets are to be reached.

**3 •** Top-performing sectors are **logistics** and **residential** – both “essentials”, as **Isabelle Scemama of AXA IM Alts & AXA IM – Real Assets**, referred to them. The new essentials emerging are data centres and life sciences.

**4 • Technology is clearing the path to change**, especially when it comes to climate change factors. We are entering a **world of connected, autonomous buildings**, said **William Ruh of Lendlease**.

**5 • Cities will continue to be relevant** because of the infrastructure they offer. However, many cities are “unliveable” and need to be repriced and reimagined, said **Mark Dixon of IWG plc**.

**6 •** There is a **huge under supply of affordable housing** in cities across Europe. We might be able to get away with not going to the office for a year, but we all need somewhere to live.

**7 •** The real estate industry **lags other sectors when it comes to data**. “There’s still a lot of room for improvement in how we transact. This is largely because the data is very challenging to acquire and assimilate,” said **Andy Poppink of JLL**.

**8 • The most effective offices offer the 4Cs:** concentration, community, collaboration, convenience (**Lisa Picard of EQ Office**). The office space is all about quality, with a particular emphasis on wellness. Hybrid working is here to stay, in different forms for different companies. However the idea of ‘elastic’ working is also being explored by JLL.

**9 •** Now more than ever, there’s a need for **inspiring leadership and management** to take the real estate industry forward. It’s also about **collaboration and partnership** between stakeholders and including organisations from outside the sector.

**10 •** Predictions are hard to make, especially about the future. “**Our responsibility as leaders is to train our managers, our new generations, to anticipate and deal with coming crises in an environment that is increasingly uncertainty and complex**” said **Maud Bailly of Accor**.



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