

Brexit is great unmentionable at investment panel discussion



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MIPIM UK: Is the UK still a good real estate investment?



MIPIM UK No-one on the six strong panel made up of public and private sector representatives from across the UK mentioned the 'B' word and neither – directly – did Tom Leahy, director, Real Capital Economics, but everyone knew what he was referring to when he asked: "Would we have been asking if the UK is still an attractive investment opportunity 24 months ago?"

Speaking at the *EG* discussion panel *Is UK real estate still a good investment?*, he said the flow of foreign investment into the UK had undoubtedly slowed down, and Patrick Smith, head of acquisition at Frogmore, admitted there were short-term risks that were making him nervous. However he added that "the long-term outlook is very good".

John Miu, chief operating officer, ABP London, said the UK is seen as very stable ground for investment compared to other parts of the world and he has seen increasing interest in the UK from Asian investors. In fact, he said, the volume of investment had more than doubled since 2016.

ABP is investing in the Royal Albert Docks in East London, but Miu added that the prospect of HS2 was helping to put cities such as Manchester and Leeds on the map for Asian investors.

While Brexit is seen as part of a short-term blip for those investing for the longer term, one of the other issues the UK regions face is the size of investment opportunities being offered.

Leahy said that the sort of investors looking at London are looking at other capital cities such as Paris rather than the regions. "If you are a big international investor it is easier to spend it in London than building up a portfolio on a piecemeal basis outside London," he said.

Frogmore's investment director Patrick Smith says Brexit uncertainty is raising short term UK investment risk but the medium to long term prospects are good.

"Occupiers are starting to pause, not making decisions, not making strategic growth decisions. So when you are doing what we are doing in terms of transition assets from broken, unloved through into core, we need occupiers to be growing and we need the occupational market to be strong we can predict accurately what is going to happen. And at the moment because of all the uncertainty the premium we need for the risk is obviously impacting on pricing. This is short term instability caused because of Brexit and the political make up. We are very positive about the long term future there are some fundamental aspects of UK real estate that are here to stay."



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Working together will help drive economic growth in the regions, as will infrastructure investment – but the North should have to beg for money, said panellists.

Pointing out that Manchester has had twice as many housing completions year-on-year and that the new Graphene Centre was topping out, Sir Richard Leese, leader of Manchester City Council, said: "We have to work together. I'm wearing a lanyard that says Manchester and Liverpool...what is happening now is likely to maintain demand going forward."


Infrastructure investment is also crucial. Lynda Shillaw, chief executive of MAG Property, said: "If I was an occupier what would drive me to make a decision as to where to locate and it is access to skills then it is how do I get staff to my building."

Progress is being made with HS2 which will increase capacity and reduce journey times from London and the Midlands to key northern cities. And Transport for the North – a public private partnership set up in 2015 – is finalising its strategic transport plan. There is also progress with HS3 or Northern Powerhouse rail as it is also called, which will improve the links between the northern cities – seen by many as crucial if economic growth is to be maximised.

However, Leese says the north is "having to fight every inch of the way to get that investment delivered". He added that as long as central Government continues to support the north then progress will be made and the productivity gap between the North and South will be reduced.



Roger Marsh, chair of the Leeds City Region Local Enterprise Partnership, agreed saying it shouldn't be a case of begging for money for infrastructure. "The North has a very good offer. Infrastructure investment will support and allow growth to take place. It should be a must have, not a begging bowl."

But it isn't just local connections, it's global connections too. Shillaw pointed to investment in Manchester airport which was already yielding benefits. Direct flights to the West Coast of the US is helping tech businesses in Manchester, she said.



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