



Established 1858

110 High Holborn, London WC1V 6EU  
Direct lines 020 7911 (+ ext no)  
e-mail firstname.surname@egi.co.uk

**Executive director** Peter Kumposcht

**Editorial assistant** Sharon Harnett (1802)

**Editor** Damian Wild (1805)

**Deputy editor/head of content**

Samantha McClary (1811)

**Head of news and finance** David Hatcher (1482)

**Features and global editor** Emily Wright (1816)

**Head of digital** Nadia Elghamry (1849)

**Digital content producer** Lindsay Jones (1830)

**Reporters**

Louisa Clarence-Smith (1823)

Nick Johnstone (1462)

Alexander Peace (1471)

Amber Rolt (1457)

Karl Tomusk (1938)

**Multimedia editor** Roland Bakos (1748)

**National & sectors editor** Stacey Meadwell (1819)

**Legal & professional editor**

Sarah Jackman (07717 704125)

**Deputy legal & professional editor**

Jess Harrold (07717 704125)

**Associate editor** Julia Cahill (07795 234448)

**Research team**

**Senior analyst** Graham Shone (1879)

**Head of London residential research** Nigel Evans (1884)

**Senior analyst London residential research**

Paul Wellman (1885)

**Head of London offices research** Victoria Bajela (1775)

**Head of retail research** James Child (1711)

**Head of industrial research** Andrew Toy (1868)

**Research and data director** Anna Reed (1872)

**Editorial production**

**Global production editor** Stuart Nissen (1834)

**Deputy global production editor** Claire Scullin (1740)

**Production editor** Philip Brown (1835)

**Senior sub-editors**

Heather Champion (1461)

Anna Durkie (1708)

Michael Hollick (1893)

**Art director** Chris Gardner (1740)

**Art editor** Nigel Peters (1832)

**Deputy art editor** Deborah Ford (1833)

**Advertising sales (1733)**

**Sales director** John Paul Bedwell (1751)

**Business development director** Jonathan Lister (1757)

**Commercial project manager** Alicia Alvarez (1716)

**Key account manager** Rebecca Leveitt (1985)

**Business development manager** Michael Clark (1743)

**Events account manager** Edel Cormack (1477)

**Sales manager** David Salisbury (1991)

**Senior sales executive** Lydia Brown (1749)

**Sales executive** Elliot Begley (1755)

**Client services manager** Martha Callegari (1734)

**Client services team (1733)**

Averil Dourado, Karen Machado, Aaron Walker

**Pre-press production**

Laura Ross-Harper (020 8652 4918)

**Recruitment advertising**

**Sales manager** Sarah Cusack (3128)

**Sales executive** Lawrence Thompson (3129)

**Subscription services**

To subscribe call 0330 333 9411

or e-mail rbi.subscriptions@quadrantrsubs.com

**EG subscriptions department**

PO Box 302, Haywards Heath, West Sussex RH16 3YY

Printed by William Gibbons & Sons

EG (Print) ISSN 0014-1240

EG (Online) ISSN 2059-5123

Part of rbi real business information

© 2017 Reed Business Information Limited



Mike Hussey, Almacantar (left) and Paul White, Frogmore

## Brexit is an irritation but only that

The date of 23 June 2016 highlighted the growing social divide and the dislocation of our country between the "haves and the have-nots". This has been combined with the frightening advance of "fake news" and ill-informed peer group ratings that seem to subvert expert opinion and authority of any kind. However, buried in the "uncertainty" that ensured the past 18 months, and this year in particular, are many issues that should be relabelled "opportunities".

With 70 years' combined experience, we both believe our core markets will largely remain in undersupply, sustain continuing and increasing demand for the best product and benefit from global investment that seeks a secure, large (liquid) market with attractive fundamentals. This is not new news but it is being suffocated by a tsunami of political rhetoric and dramatic headlines. Brexit is an irritation in the bigger picture of global investment where our core markets operate, but it is only that. No one predicts the best assets in the best locations in the hands of the best managers will be anything other than solid performers when looked at over the medium term.

### Disruptors for change

There is no doubt, too, that disruption and new technology is demanding we change our traditional methods of operation. The real estate sector needs to wake up and reinvent large parts of its offer. Ignorance is not an excuse. The banks are

streaks ahead and have been for some time. Lloyds' new head of commercial real estate Madeleine McDougall (p58) explains how she is driving the bank's focus on big data and we need to take a leaf out of her book. We need to grasp the advance of technology and properly understand what it means for the space we provide. Is our space obsolete? Is our infrastructure out-moded? Is our management approach wrong? We have to answer these questions in order to find solutions to changing demands. We know that the funding will be there, so it is our responsibility to deliver the right product on the right terms.

### Adapt to survive

Contractors will need to become recruitment specialists as well as contract managers. Directly employed trades will need to be managed with care and sophistication if scarcity in skilled labour becomes the norm and their loyalty an essential requirement to project delivery.

We have read much about uncertainty, but in the real estate industry is it really that bad? Just prior to the Brexit vote we were the fastest-growing economy in the G7 and even now the economy's resilience is remarkably good given the predictions. Pre-Brexit the reduction in scale of the financial services sector was a factor of technology, disruption and regulation. In London we have seen that sector's decline from more than 40% of the demand in the office market 20 years ago to less than 15% today. Headlines suggest that this is purely a Brexit phenomenon. It isn't. Fintech and tech are rapidly replacing the banks as the go-to businesses for the next generation, as well as an increasing trend to smaller dynamic businesses that rely on their "community" to supplement skills and achieve growth. We believe this is set to continue at the

expense of the traditional resource-hungry businesses.

We watch the assault of the big online players in our established retail market and we see real estate players responding with last-mile storage facilities and giant intelligent warehouses. Obsolete retail is not a problem, it is an opportunity. Just as the imperfections of the planning regime in the UK leaves scope for the opportunistic investor/developer.

### International money

Massive global investment houses such as Blackstone, Starwood and TPG, along with the sovereign funds and private wealth, will continue to direct their money disproportionately to London's "safe haven" real estate market because it represents one of the few truly global hubs. It boasts a highly respected legal system, convenient time zone, supportive infrastructure, and leading cultural and educational establishments. The highest concentration of graduates in Europe work in London – by a considerable margin.

### City of the future

If you are still in any doubt, turn to p44 for a 10-page homage to the city in a series of breathtaking images captured over the past 12 months by aerial photographer Jason Hawkes. So by all means continue to point at the political uncertainty, the "unknown" Brexit outcomes and bemoan the fading retail sector, along with the rise of the "upstart" co-workers, but we would prefer to look at the facts: appreciate the significant positives in our country; understand the trends and observe the change. For those of us who appreciate and react positively to the changing demands of the real estate user, there are still plenty of real opportunities that lay ahead.

Let's vote on it.