

MIPIM delegates to draw real estate road map

Paul Zilk

Bloß nicht zurück, nur nach vorn blicken. Es ist die fast unerschütterliche Zuversicht, die im Krisenjahr 2009 die internationale Immobilienwirtschaft zur MIPIM in Cannes zusammenführt, um nach Lösungen, Trends und Perspektiven für die Branche Ausschau zu halten. Entsprechend hoffnungsvoll gibt sich auch der Autor, dass die Veranstaltung dem anhaltenden Attentismus widerstehen kann und von ihr neue Impulse für die Märkte ausgehen. Die angemeldeten Aussteller scheinen diesen Optimismus zu stützen. Ganz ohne Blessuren dürfte aber auch die Messe nicht durch die Finanzmarktkrise kommen. (Red.)

The international real estate industry will gather in Cannes, March 10-13, for what will be one of the most critical MIPIMs in the event's 20 year history, according to leading property executives. With the 15 trillion euros international property industry feeling the effects of the on-going global economic downturn, MIPIM 2009 will bring together all the major sectors involved in real estate from over 80 countries and one of the key questions that will be asked in Cannes is whether real estate remains high on the investment sector's priorities.

An accurate indicator

If trade fair attendance from the investment community is an accurate indicator, then it appears that investors remain committed to real estate. At the start of February, over 610 major investment companies such as Deka Immobilien, CB Richard Ellis Investors, Evans Randall, GIC Real Estate, Goldman Sachs, Morgan Stanley, Pramerica RE Investors and Unibail Rodamco, had signed up for the event. This year's MIPIM mantra will be "Doing international business efficiently".

"MIPIM provides an opportunity for global investors such as GIC RE to meet important counterparts from across Europe and beyond, in one place and over a concentrated few days. This makes efficient use of my time," says Chris Morrish, Managing Director GIC and Regional Head, Europe, GIC Real Estate. Given the economic climate, MIPIM delegates say that they intend to use part of their stay in Cannes to gauge market trends over the coming

months. "Notwithstanding the constraints the investment market is learning to live with, MIPIM will allow us all to assess appetite and value levels within the market," comments Mike Evans, Chairman and Chief Executive, Evans Randall.

The conference programme will be paying particular attention to market evolution. Keynote speaker Michael E. Pralle, President and COO of private equity company JER Partners, will be sharing his insight on global economics and the current impact on international real estate. Further panel discussions will focus on future real estate strategies of institutional investors and the role of the giant sovereign funds. In addition, the Urban Land Institute and Pricewaterhouse Coopers will release their annual



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investment survey "Emerging Trends in Real Estate".

Hope instead of desperation

Not surprisingly, given the fall in residential and professional real estate prices around the world, investment companies capable of accessing cash are looking to do business. In its 2008 end-of-year property outlook report, Lasalle Investment Management, which oversees some 40 billion euros in real estate assets, predicted that 2009 and 2010 will provide opportunities for companies with equity to adopt an offensive strategy. One example of taking the offensive occurred at the start of February when Benson Elliot Capital Management announced it was setting up a new 500 million euros opportunity fund, partly to target distressed property assets in Europe.

Significantly, the Lasalle Investment Management report identified the United Kingdom as being particularly attractive as the British property sector has seen property values drop faster and earlier than in many other major markets. The report also named Australia, Germany and Korea as being exciting investment targets. Independent analysis suggests the value of commercial property transactions in the UK and Germany fell by 60 percent in 2008, but that activity is set to rebound. In line with recent years, the United Kingdom and Germany will provide the largest number of exhibiting companies at the trade fair.

With delegations from Moscow, Paris, London, Manchester, Berlin, Brussels, Madrid, Oslo and Toronto all attending MIPIM 2009, city administrators remain firmly committed to promoting their cities on the international scene, as well as taking advantage of the Mayor's Summit to discuss policies to improve the urban environment and the difficulty of developing sustainable development strategies.

Green buildings – a hot topic

Sustainable development looks likely to be a hot topic at the trade fair and the debate between the necessity to implement new policy and the financial feasibility of launching such policy will be lively. Some industry specialists argue that with 40 percent of the world's greenhouse gases being generated by construction and building maintenance, fighting global warming in cities offers

real investment potential. The counter-argument, which will be discussed during the trade fair, is that fully incorporating environmental elements into existing or new construction projects is too much of a financial challenge to be taken up in the short-term.

What everyone agrees upon, however, is that city administrators and public/private partners will have to work together to find viable solutions, given the current economic constraints. "Maintaining or regenerating the economic life of international cities is dependent on the vital role that real estate can play in broader economic development. The world's leading regeneration projects, be they the World Financial Centre in New York, Canary Wharf and Paddington Central in London or the La Défense Paris suburb, all have their origins in enlight-

ened decisions taken in conjunction with partners during depressed points in the economic cycle, when lower values enabled the gestation or initiation of long-term development planning. What is certain is that when you are trying to attract new real estate investment into your backyard, you aren't going to do it by staying at home and hoping someone will knock on your door. All major international cities are competing for investment," notes Jackie Sadek, Chairman, BURA – British Urban Regeneration Association.

Since its launch in 1990, MIPIM has placed great emphasis on encouraging corporate end-users – the companies who will eventually take possession of buildings – to seize the opportunity to discuss their requirements with international architects, developers and inves-

tors, who are integral in seeing projects from the planning to the delivery stage. For Brice Marguet, Director of Development in France and North Africa at the Intercontinental Hotels Group, MIPIM 2009's importance is based on the need to maintain and develop key business contacts and as a forum for discussion of how best to prepare for the end of the economic crisis. According to him: "It's exactly in a difficult context that it appears to me to be essential to reinforce our contacts with the professionals in the real estate industry in order to adapt, react quickly and move forward. The scale and global spread of economic events should be enough to make this year's MIPIM a generator of new ideas." Therefore, we look forward to a dynamic and focused conference this year. Everyone will be very serious about doing business. ■