FIABCI LEADERSHIP SUMMIT

REimagining the future

Report written by ESSEC Business School Real Estate & Sustainable Development Chair
# TABLE OF CONTENTS

- Opening Ceremony ........................................ p.3
- Moving forward: reimagining the future cities .......... p.5
- Outlook for 2021 ............................................ p.7
- Architecture Projects ..................................... p.11
- The Importance of Communication in a Virtual age .... p.14
9th of December – 2:00 PM > 2:10 PM

Opening Ceremony by Florentino Dulalia, FIABCI World President
COVID-19 has now become a global epidemic and prompts us to rethink the way we live, consume and work. Cities are ongoing deep changes and so as the Real Estate industry. More space is needed to accommodate social distancing in every place. Retail is trying to reinvent itself in order to provide a cutting-edge service which implies reshaping its relationship to customer and logistics. New ways of working such as remote working are transforming the landscape of workspaces. To sum up, our relationship to space in general is definitely changing as social distancing becomes the new norm. In this situation, what lies ahead of the Real Estate Industry?

However, this crisis generates some new opportunities for the real estate industry. The sector is for sure resilient and its players must take advantage of every business opportunity in order to navigate beyond it and remain competitive in the long-term.

In this purpose, FIABCI remains committed to provide its members with tools and mindset they need to find new opportunities and deal with the ongoing uncertainty.
Moving forward: reimagining the future cities
by Fernando Romero, Founder & CEO at FR-EE
The current pandemic prompts us to rethink the way we design and build cities. In particular, the vertical structure of cities, along with their high density, are being questioned as social distancing becomes the new norm.

Architect Fernando Romero has always strived to reinvent the vertical city for the benefit of flat cities. His Border City project located on the Mexico/USA border is the archetypal example of his mindset. Romero’s urban prototype, with a hexagonal plan, might offer a new model for cities as populations grow, migration increases, and economies continue to globalise.

For Romero, new technologies and new transport infrastructure are key elements to the making of modern cities. According to him, Elon Musk’s Hyperloop will for sure create new opportunities for developing new territories. As travel times will be shorter, people will be more eager to move out of existing cities and live further.

This idea is being confirmed with the current context of COVID-19. Indeed, we observe more and more people willing to escape from density, which has become a byword for sanitary risk, and preferring to move to the countryside. Then, architecture must lead the way to build better cities, in periphery of megacities. By rethinking the concept of countryside, architecture and infrastructure clearly have a role to play in accelerating the economic and human developments of low-developed parts of the world.

In other words, the COVID-19 crisis is generating new opportunities for cities and territories in the long run. Having overbuilt vertical buildings so far, the idea of going vertical will be abandoned soon. New developments must be more sustainable, less dense, and must address the new challenges that might come to us in the forthcoming future.
9th of December – 3:10 PM > 4:00 PM

Outlook for 2021

**Spencer Levy**, Chairman, Americas Research CBRE | **Simon Rubinsohn**, Chief Economist at the RICS | **Carol Hodgson**, Senior Director, Global Research, JLL |

Moderated by **Dr. Rob Salvino**, Director of the Grant Center for Real Estate
Introduction

By Dr. Rob Salvino

Global GDP has recovered more quickly than early pandemic forecast. 2021 outlook from Fitch is an increase in GDP of 5.3%. This is a better forecast than the one from March.

That suggest resiliency. Resiliency has been a significant counterweight of fear in the global economy although the uncertainty risk remains.

Some sectors have benefited immediately from the crisis, some will benefit later, and some will be left behind. For instance, covid has also catalyzed the path of innovation. Tesla, Amazon, Apple and many other firms involved in technology have embraced the opportunity to continue to provide what we really need in terms of services, goods, etc.

Regulatory constraints are often on of the drags on the pace of progress and innovation and they are diverse across the globe, across sectors of the economy and even across sectors of real estate. Capital markets recognize this, and capital flows show where opportunity in growth are presenting themselves and seek out where income are stable.

What did covid do to accelerate some of the patterns? Cities have been the engines of growth and opportunity, so the question is, as the suburbanization of the world was a major part of the 21st century, how will the crises affect Real Estate going forward in a short term and in a longer term?

Global market Outlook summary ...

By Carol Hodgson

- Globally, uncertainty remains despite vaccine activity. The shape of recovery varies by country but the outlook for 2021 is a GDP growth in all major markets. There are still risks, especially in the UK at the moment with the Brexit discussions. Monetary policies are to remain supportive and there is also a lot of uncertainty regarding the debt levels that will be reached.
- The office market has received a huge amount of press coverage. There will certainly be more people working from home but that doesn’t mean the death of the office. Collaboration, meetings, management are incredibly more difficult with distance. In terms of fundamentals, the office market has reflected the economy really well. Leasing is to pick up but remains below 2019. Vacancy is to increase and pressures on rents. Corporates reentry to ramp up and reimagine workplace with cost savings and flexibility as priorities.
- Contrary to offices, logistics demand is really strong especially for distribution centers. Covid accelerated the structural changes in retail, with a growth of ecommerce. However, there are some COVID retail winners as groceries, home improvements, electronics and strong brands.
- Concerning Real Estate Investment, price discovery is to continue. Investors are shifting
sector allocation (‘beds & sheds’). Distress is likely to grow in retail and hospitality. Stable income profiles will attract interest more than ever in the rental market.

- The increase in homeworking won’t necessarily decrease the demand for office space. Future demand is more complex with a broad mix of factors at play that varies by location: employment levels, footprint geography, government guidelines, density of occupation, company culture, innovation needs, technology, real estate cost vs. talent cost, new legislation, return on Investment, office design, productivity metrics, sharing vs. dedicated, public health situation, economic growth, commuting behavior etc.

... Uncertainty will remain in some markets

- At the moment, uncertainty remains everywhere, between different markets and different places. Forecast and opinions change very quickly.
- Markets are already a little bit more positive, seeing forecast telling us that next year will be a better year. But the pace of the recoveries will be very different between different sectors and different markets. In Asia, people have already a really different view than in Europe or in America.
- The huge number of differences along the world creates uncertainty.
- Then, obviously you have to look differently to the different sectors. Retail is suffering a lot of pressure and a lot of uncertainty. Hospitality which was going pretty well is now almost shut down.
- This uncertainty brings a certain amount of risk in every sector and location.

RICS’ Global Commercial Property Monitor ...

*By Simon Rubinsohn*

- Global commercial property monitor is a sentiment survey capturing occupiers and investors market trends around the world. The survey receives usually three thousand responses from professionals in the sector.
- The last survey was for Q3 and since the announcement about a potential vaccine could be updated a little bit. The results of the last survey were fairly caution. Q4 results should more optimistic.
- Governments and Central Banks remain committed to the approach they have been taking. Central Banks balance shit are pretty blotted. The temptation is to try and use these unbalances under control. But we shouldn’t minimize the risk associated with that and the impact of these unbalances on the trends. It is absolutely critical that policy makers remain committed to fight today’s battles and think about addressing some of these unbalances a little further down the road.
- In terms of Real Estate, the issue of thinking what cities are going to look like is really important. It clearly isn’t the death of the office but the reconversion of offices into residential will probably become a bigger feature. From the residential point of view, we have a tremendous macro choc where house price has moved higher.
- In the way that the crisis has manifested itself, there is quite a divergence between
behavior and pricing. Some markets like Germany have shown resilience. Germany appeared to be almost an expensive market. In some of these markets which have handled covid in terms of pricing, there will certainly be some opportunities to squeeze the pricing up.

Cities have been and will continue to be resilient …

By Spencer Levy

- It is difficult and premature to reach conclusions about the future of cities for the moment. A lot of people are reaching conclusions about markets in the heat of the moment but when people will be out of the pandemic, they will look at the world much more clearly and they will see that future looks more like the past in all of the major asset classes.
- Some asset classes will take longer to recover, especially retail and hotel, but the office class is bright. We have known for more than twenty years that office is a want and not a need for most professionals. The office makes you better, more productive.
- Cities have always been resilient. They have this irreplaceable virtuous circle of talents, capital and infrastructures.

... The ying and the yang of technology: how can technology make us better?

- From a macro perspective, great technology and innovation is often deflationary because it uses less resources. From a micro perspective, it exacerbates inequalities, especially in terms of education. This is going to be worst unless there is an intervention.
- The actual intervention that has to be is on empathy. There is an empathy gap in the world today between the ‘have’ and the ‘have not’ that is exacerbated by not only the technology skills gap but also the gap between where people live and don’t live and especially between the people in the cities and the ones out of the cities.
- Empathy cannot be learned. It can only be experienced. This is important because the gap we are talking about is going to provoke these results where the ‘have’ and the ‘have not’ can’t work together and this leads to irrational political outcomes (think about global warming).
- The solution from technologies’ disruption, from a macro and a micro economic point of view, is that the ‘have’ and ‘have nots’ had to live in the same places, to live empathy and create a shared future. With the covid, we may have been brought closer to one an another and experienced empathy.
11th of December – 2:00 PM > 2:40 PM

Architecture Projects
by Olivier Bocquet, Biolum-Reef (France), Samer El Sayary, The Oasis (Egypt) and Nabila Pranoto, A Living Organism (Indonesia)
Introduction
Three of the winners of the International Architecture Competition of the Jacques Rougerie Foundation present their projects which are imagining tomorrow’s landscapes and habitats. The sea and the space fields are not limits to them but represent a real opportunity.

Olivier Bocquet and his biomimetic project
- Olivier is imagining the future thanks to a biomimicry approach in the Calanques Park in Marseille and won a Jacques Rougerie award for it in 2017. Nature and the living world is a true source of inspiration and infinite knowledge which helps him imagine projects. The Calanques Park is facing many risks linked to climate change and pollution for example. BATIREEF is 3D-printed and is created to support a lot of pressure without breaking.
- The project has three main goals:
  1. The development of biodiversity thanks to an artificial bioprinted reef which also produces energy.
  2. Semi submerged and autonomous habitat within the reef.
  3. Propose an energy free way to reuse the waste.
- In 2018, Olivier was awarded the Jacques Rougerie foundation to encourage daring and innovation.
- Many innovations are used or tested within Olivier’s project:
  BATIBOAT is a robot working in the sea to discover the deep waters and give us enough information to exploit them.
  FLOATINGREEF is 3D-printed materials that aim to protect the biodiversity within water and marine species. They are currently studying their deployment in the mediterranean sea.
  BIOMIMETICS LAB is a multidisciplinary architectural research laboratory based on biomimicry.

Nabila Pranoto and her project « A living Organism »
- Nabila won the « Coup de cœur » award in 2019 of the Jacques Rougerie Foundation. She's a master graduate in Singapore which is well-known for its innovation.
- Her numerous concerns about the environment made her realize that It in some places of the world disasters are already happening. Instead of denying it she wants people to see it as an opportunity to live differently. Instead of being the victims of the story, we would evolve with it.
- The aquatique revolution of Jacques Rousseau interested her a lot. She worked on fish farming and different infrastructures that could be used in an Island prototype.
- All her Island prototype is a complexe detail-oriented project. It is a highly speculative work that aims to offer an alternative while living and responding to human needs.

Samer El Sayary and his space projects
- Samer believes in science, research and the importance of publishing one’s discoveries.
- Samer worked on different new approaches using the biodigital strategies such as
biomimicry.

- In 2018, he worked on project Oasis that was inspired by natural landscapes and applied to the moon. It is totally human-centered. The design takes into account power, oxygene and people’s agility in space.
- In 2019, he was encouraged to make the twin design for Mars. He made research to develop trees there.

- Project IRIS is a telescope that aims to transport goods from The Moon to the Earth.
- He also created a project which helps people and nations to live together and reduce conflicts around the world thanks to physical work and well-being.

**Conclusion**

Nature can be a real source of inspiration for architecture and should be used as an asset instead of looked at as a liability. Jacques Rougerie encourages innovation all around the world to encourage lovers of the fields to think outside the box. The world is facing major changes due to climate change. That is why we should evolve with it.
11th of December – 2:50 PM > 3:30 PM

The Importance of Communication in a Virtual age
by Tom Phillips, Managing Director of TLP (Training Learning Progress) in the UK
Introduction

Communication is a very important tool that everybody works with. Whatever job you do, whatever role you’re in, you will have a hard time reaching your goals without it. Today, we are facing a situation where everything went virtual. This means that we have to adapt our communication.

- Tom started his work by noticing that each and every one has its own perception of the world. When he was young, a modern cathedral in Liverpool was seen by his friend as an enormous tipi, by himself as a NASA center and by his parents as what is was.
- Communication is about more than words. 7% of it only is done by words while the tone constitutes 38% of the work and Body Language 55%. These three together are all the tools used by communication. This is still relevant in a virtual world but it is very important to “tune in” even more and pay attention to what is going on behind the screen. What are the people you are talking to saying? What are their facial expressions and their body language saying? Do all this come together?
- You do not need to be an expert to understand people and their communication style. Some works were done by experts to help us understand each person’s profil: MBTI, Social Styles, DISC, SDI and Insights.
- The colors model is very simple and considers two parameters: the communication style (more direct or more indirect) and the communication focus (people or task).

Once you determine your own dominant color, you should look for the ones of people you are communicating with so that you give them what they are looking for:
1. REDS are task focus and communicate directly. They are motivated by results.
2. YELLOWS are people focus and communicate directly. They are motivated by recognition.
3. BLUES are task focus and communicate indirectly. They are motivated by reliability.
4. GREENS are people focus and communicate indirectly. They are motivated by relationships

- When people are under stress, they tend to be even more obviously their dominant color. It is possible to notice that a person you know well is under stress or under pressure thanks to this.
- If the pressure or the stress goes on for long enough or if it is intense enough, it is possible to see people flip and become the opposite of themselves. This can too be noticed.

Conclusion
Communication should be analysed by each and every one of us to estimate the well-being of the people we are living with at home but also at work.

_The following exchange entitled "Closing Remarks and Presentation of Nominees for FIABCI Elections 2020" aimed to explain to voters how to vote online and present different candidates for the presidency of FIABCI committees on all continents._