



Quick Review

The industry seen through one tradeshow...

This report gives you all the market knowledge you need to take home, in just two pages. It is written exclusively for MIPIM 2009 visitors by Paul Strohm, The MIPIM News' editor-in-chief.

We look forward to welcoming you back to MIPIM, March 16-19, 2010.

The property world may have its difficulties, but real estate professionals worldwide are looking beyond the recession. There are problems to be solved and opportunities to be had. Such was the consensus emerging from MIPIM 2009.

First-time exhibitor the UK's Crown Estate is just one of many companies looking to the long term. It has turned its attention from the regeneration of London's Regent Street to the St James's area of London's West End, and is looking for partners for a development programme that is likely to last more than a decade.

And, while it might be a tough time for those with heavy gearing, for those with sufficient financial freedom it is also a period of possibilities as their less fortunate peers dispose of property in order to re-gear.

"There's a flight to quality, and a move to core asset types," said John Forbes, real estate industry leader EMEA, PriceWaterhouseCoopers in one conference session.

UK professionals see long-term hope

The messages at MIPIM are certainly not all gloom.

Investment Property Databank's managing director Laurent Ternisien said that although index figures illustrate that the UK's downturn has been severe, the decline is more advanced than other countries' and it will as such return to growth sooner.

Henry Williams, director of developer Stanhope, suggested that the UK market may be seeing a glimmer of hope when he explained that the market has "a pulse". While the last quarter of 2008 was one of the quietest the company has experienced, since January there have been signs of increased demand for the company's schemes in west London and Croydon.

London-based Rowan Asset Management announced the creation of a new property opportunity fund. "I've never seen such an opportunity to create a broadly based property portfolio," said managing director Nick Jacobs.

Venture capitalist and fund manager Palmer Capital Partners and consultant GVA Grimley say the bottom of the market has been reached for high quality assets and launched the GVA Property Fund while at MIPIM with a target size of up to \$104m.

Global opportunities to be had

A number of corporate tie ups are also laying foundations for the future. While Real Capital Analytics announced that it has struck a deal with Nikkei Business Publications to enhance its coverage of property transactions in Japan, UK architectural practices Sidell Gibson and Crouch Butler & Savage announced their merger.

Because the effects of the downturn are not homogeneous, opportunities exist around the world to gain an advantage. Pramerica Real Estate Investors' CIO Thomas Hoeller says that Turkey is one country with notable potential.

Spanish markets are looking attractive to new investors, according to Orion Capital Managers, which has opened a new office in Madrid to take advantage of the opportunities there. The company says that now the banks are taking on distressed real estate assets, this will result in good opportunities in the near future. Fund Manager Credit Agricole Asset Management Real Estate was at MIPIM following its expansion into France's OPCI (property collective management investment fund) sector and is looking for investments.

Public sector driving growth

For those in the market for acquisitions there are enormous opportunities emanating from the public sector too.

Prominent among these is the Italian Defence Ministry, whose deputy minister Guido Crosetto unveiled plans to divest surplus real estate, among which is the historic and spectacular Arsenale in Venice. He said he received 70 serious enquiries during one of MIPIM alone.

The US Department of State is in the market too. With a portfolio of 18,000 buildings around the world, buildings are always being bought and sold. The department's senior real estate advisor Keith Wilkie was in Cannes to identify possible consultants.

Mayors and leaders from a range of major cities have been present. Prominent among them were London mayor Boris Johnson, who said that London is already experiencing the benefits of the 2012 Olympics' legacy. Tokyo has its sights firmly set on winning the race to host the 2016 Olympic Games and was in town promoting some of the legacy benefits to potential private sector partners.

A delegation from Sao Paulo city was in Cannes to put Brazil on the world real estate stage and showcased development projects in 18 separate urban centres within the city.

Some urban and regional authorities have strategic plans in place that will provide the framework for development as the markets recover. Italy's Bologna Region is going through large-scale transformation and is pushing ahead with infrastructure improvements that will leave it geared up to benefit from the long term increase in demand for logistics facilities, to name but one sector.

Such visionary plans are by no means confined to Europe. Japan's Ministry of Land Infrastructure Transport and Tourism and the Urban Renaissance Agency are planning to take advantage of unexploited potential for property investment in Japan. Relatively few overseas buyers have bought there despite it being one of the most stable and valuable markets in Asia.

Green concerns remain sustainable...

While the downturn and how to beat it have dominated recent discussion, another big problem topic lurks in the background: the environment. The subject will come back to the fore, however.

Former French Prime Minister Laurent Fabius, for instance, has urged France's government to invest heavily in sustainability.

Downturn and global warming then converged when City University of New York's Professor Robert Bell delivered his keynote. He told conference delegates that the move away from oil as the principal energy source will occur faster than people realise. A frightening thought until he offered the suggestion that this may offer the solution to the present economic malaise.

As we switch to new technologies, says Bell, green concerns will ultimately lead to a major boost for the economy in general and for real estate in particular. As buildings are such high energy consumers, they will be one of the main targets for change. This challenge – and opportunity – for the property business promises to move higher up the agenda in coming years.

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